

Item 1 – Cover Page

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March 28, 2012

This Brochure provides information about the qualifications and business practices of FLAG Capital Management, LLC (“FLAG Capital”). If you have any questions about the contents of this Brochure, please contact us at (203) 352-0440. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

FLAG Capital is a registered investment adviser. Registration with the SEC as an investment adviser does not imply any particular level of skill or training.

Additional information about FLAG Capital is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for FLAG Capital is 139068.

Item 2 – Material Changes

This section of the Brochure will discuss only specific material changes that have been made since the last annual updating amendment to this Brochure, dated as of March 29, 2011. The material changes from the last annual updating amendment are as follows:

- A summary of FLAG Capital services offered to separately managed account clients, including a discussion of FLAG Capital's allocation policy and potential conflicts of interest in respect of separately managed account services.
- Updated disclosures concerning side-by-side management of FLAG Funds and separate account clients, including potential conflicts of interest related thereto.

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Item 4 – Advisory Business

FLAG Capital is owned by L. Peter Lawrence, Diana H. Frazier, and other members of the company. FLAG Capital was founded in November 1994.

FLAG Capital provides investment advisory services to private equity funds of funds (such private equity funds of funds collectively referred to herein as the “FLAG Funds”) with regard to the selection, monitoring, reporting and profit realization of investments consisting principally of limited partner interests in professionally managed private investment funds. Interests in the FLAG Funds are generally offered to sophisticated investors with substantial investment assets who wish to delegate investment management and authority in this specialized area and retain the services of FLAG Capital.

FLAG Capital tailors its advisory services to the specific investment objectives and restrictions of each FLAG Fund pursuant to the investment guidelines and restrictions set forth in each FLAG Fund’s confidential private placement memorandum, limited partnership agreement and/or other governing documents (collectively, the “Governing Documents”). Investors and prospective investors of each FLAG Fund should refer to the Governing Documents of the applicable FLAG Fund for complete information on the investment objectives and investment restrictions with respect to such FLAG Fund. There is no assurance that any of the FLAG Funds’ investment objectives will be achieved.

A related entity of FLAG Capital generally acts as the general partner of each FLAG Fund, and FLAG Capital is the investment manager of each FLAG Fund. In accordance with common industry practice, one or more of the FLAG Funds’ general partners may enter into “side letters,” or similar agreements, with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

FLAG Capital also offers investment advisory services to separate account clients seeking to make investments in private investment funds. For its separate account clients, FLAG Capital tailors its advisory services to the specific investment objectives and restrictions of each separate account client pursuant to the investment advisory contract entered into between such client and FLAG Capital.

As of December 31, 2011, FLAG Capital had regulatory assets under management of \$3,640,269,376.

The below information briefly describes the advisory services FLAG Capital provides to the FLAG Funds. Investors in FLAG Funds should refer to the Governing Documents of the FLAG Funds for further description of the management and operations of such FLAG Funds, including principal risks, fees and other information.

FLAG Fund Strategies

FLAG Venture Partners Strategy (the "FVP Funds")

The FVP Funds are designed to invest in a strategically diversified group of select venture capital funds that are generally based in the United States (and, in certain circumstances, select developed regions outside of the United States). The FVP Funds offer sophisticated investors professional oversight and prudent diversification in the venture capital asset class.

FLAG Private Equity Strategy (the "FPE Funds")

The FPE Funds are designed to invest in a strategically diversified portfolio of select private equity funds based in the United States. The FPE Funds generally focus on small capitalization and middle market private equity funds. The FPE Funds offer sophisticated investors professional oversight and prudent diversification with respect to United States private equity funds.

FLAG International Partners Strategy (the "FIP Funds")

The FIP Funds are designed to invest in a strategically diversified portfolio of select private equity funds (and, in certain circumstances, venture capital funds) that are headquartered and/or that will generally invest outside of the United States. The FIP Funds make investments primarily in Western Europe and Asia, with strategic exposure to other markets. Certain FIP Funds will focus solely on the Asia market. The FIP Funds offer sophisticated investors professional oversight and prudent diversification with respect to private fund investments outside of the United States.

FLAG Real Assets Strategy (the "FRAP Funds")

The FRAP Funds are designed to invest in a strategically diversified portfolio of select private real estate (including distressed real estate) and natural resources funds (including funds with a focus on energy, timber, agriculture, commodities, and/or other natural resources). Certain FRAP Funds focus on a combination of these asset classes, while others focus exclusively on real estate funds or natural resources funds. The FRAP Funds offer sophisticated investors professional oversight and prudent diversification with respect to real estate and/or natural resource fund investments.

Next Generation Partners Strategy (the “NGP Funds”)

The NGP Funds are designed to invest in a strategically diversified portfolio of select “emerging” and specialized venture capital funds. The NGP Funds offer sophisticated investors professional oversight and prudent diversification with respect to emerging and specialized venture capital funds.

Item 5 – Fees and Compensation

Compensation and Fee Schedules

All FLAG Fund investors and prospective investors should review the Governing Documents of each FLAG Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular FLAG Fund. Different FLAG Funds and advisory accounts may be subject to different management fees and performance-based compensation arrangements. In certain circumstances, the advisory fees payable to FLAG Capital by individual investors may be negotiable and/or waived. Investors and prospective investors in each FLAG Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

Fees charged by FLAG Capital to separate account clients vary from client to client depending on the type, size and complexity of the client account. In general, such fees may include a management fee (which is generally calculated as a percentage of the notional value of the separate account portfolio or client commitment) and/or a performance-based compensation arrangement.

All clients of FLAG Capital are “qualified purchasers” as defined in Section 2(a)(51) of the Company Act and therefore FLAG Capital has not included specific fee information in this Brochure.

Deduction of Fees; Timing of Payments

FLAG Capital is authorized under the Governing Documents to charge and deduct advisory fees directly from the assets of the FLAG Funds. Payments of advisory fees are generally made quarterly in advance and in accordance with the terms set forth in the Governing Documents. Please refer to the Governing Documents of each of the FLAG Funds for complete information on the timing of advisory fee payments.

FLAG Capital will typically charge and deduct advisory fees directly from its separate account clients pursuant to the contracts entered into with such clients. Payments of advisory fees will generally be made quarterly in advance and in accordance with the terms of such contracts.

Upon termination of any client advisory relationship with FLAG Capital, any prepaid, unearned advisory fees will be promptly refunded to the FLAG Capital client, and any earned, unpaid fees will be due and payable.

Other Fees and Expenses

In addition to the advisory fees and performance-based compensation payable to FLAG Capital, each FLAG Capital client will generally incur certain charges imposed by third parties, including (but not limited to): legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with preparation of financial statements, tax returns and K-1s (if applicable); out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the FLAG Fund's Advisory Board and annual meetings of the FLAG Fund's limited partners (including travel and related expenses); premiums for insurance; expenses associated with the investigation, evaluation, acquisition, holding or disposition of investments, including extraordinary expenses (such as litigation or threatened litigation involving the FLAG Capital client or the general partner and its affiliates or investigations undertaken by governmental entities, if any); any taxes, fees or other governmental charges levied against the FLAG Capital client or the separate account vehicle, as the case may be; certain organizational expenses; commissions or brokerage fees, financing fees, finders' fees or similar charges incurred in connection with the purchase and sale of securities; expenses incurred in connection with the managed distribution of marketable securities; public notice costs; taxes assessed against the FLAG Capital client or its general partner in respect of advisory fees (e.g., any sales or value added tax on services, should such a tax become applicable); and costs of dissolving and liquidating a FLAG Fund (or a separate account vehicle, as the case may be).

In addition, each private investment fund in which a FLAG Fund or a separate account client acquires an interest will generally pay advisory fees, performance-based compensation and/or other fees and expenses to an investment adviser and/or general partner that is not affiliated with FLAG Capital. Compensation and expenses paid to FLAG Capital for investment advisory services are separate and distinct from the advisory fees, performance-based compensation and expenses charged by the independent investment advisers or general partners of the private investment funds in which FLAG Funds or separate account clients invest.

Transaction-Based Compensation

FLAG Capital does not receive any compensation as broker or agent for the sale of securities or other investment products to any FLAG Fund or separate account client. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that FLAG Capital may receive with respect to investments by the FLAG Funds or separate account clients.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-Based Fees and Allocations

FLAG Capital or a related entity of FLAG Capital, as general partner of a FLAG Fund or adviser to a separate account client, will typically receive certain allocations or fees calculated and

charged based on a share of capital gains on or capital appreciation of the assets of such FLAG Fund or separate account client.

The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”). Any share of profits paid to FLAG Capital or the general partners of the FLAG Funds is separate and distinct from the advisory fees charged by FLAG Capital for advisory services.

Performance-based allocation arrangements received by FLAG Capital or any of its related entities may create an incentive for FLAG Capital to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of the applicable FLAG Fund (or the investment advisory agreement of the applicable separate account client) for complete information on the “performance-based fee” arrangements entered into with respect to such client.

Side-by-Side Management

FLAG Capital may provide concurrent advisory services to client accounts that are not charged a performance-based fee or allocation by FLAG Capital’s related persons and client accounts that are charged a performance-based fee or allocation by a related person of FLAG Capital. FLAG Capital may also provide concurrent advisory services to FLAG Funds and/or separate account clients that are charged different performance-based fees or allocations and, in certain cases, FLAG Capital may only be permitted to take a performance-based fee or allocation from a FLAG Fund or separate account client after the applicable investors or client received a preferred return on their committed or contributed capital. As a result, the potential for FLAG Capital’s related persons to receive different fees or allocations from performance-based accounts creates a potential conflict of interest with respect to the allocation of investment opportunities because FLAG Capital may have an incentive to direct the best investment ideas to, or to allocate investments in favor of, the account that pays a more favorable performance fee or allocation.

To mitigate this potential conflict of interest, allocation of commitments and investment decisions with respect to investment opportunities are made by FLAG Capital with respect to all FLAG Funds and all FLAG Capital separate account clients in accordance with FLAG Capital’s investment allocation policy. With respect to investment opportunities that are appropriate only for FLAG Funds (and not any FLAG Capital separate account), FLAG Capital’s investment allocation policy takes into account multiple criteria, including (but not limited to) the investment objectives and strategies of each FLAG Fund, differences with respect to the available capital, size, and remaining life of the FLAG Funds, differences in risk profile at the time the opportunity becomes available, potential conflicts of interest, the nature of the security or the transaction, and current and anticipated market conditions. In the event the investment opportunity is suitable for more than one FLAG Fund, FLAG Capital will derive an allocation that, over a period of time, is fair and equitable to each FLAG Fund relative to other FLAG Funds, taking into account all relevant facts and circumstances. Prospective investors are requested to refer to the Governing Documents of the FLAG Funds for complete details on investment allocation decisions among the FLAG Funds.

With respect to investment opportunities that may be appropriate for both one or more FLAG Funds and one or more FLAG Capital separate account clients, FLAG's investment allocation policy provides that up to a certain dollar amount of any investment opportunity will first be allocated to the relevant FLAG Fund or FLAG Funds in the discretion of such FLAG Fund(s)' general partner. Thereafter, any remaining opportunity will be allocated among the relevant FLAG Capital separate account clients in accordance with the allocation policies in the contracts with such separate account clients. Such allocation policies typically provide that relevant separate account clients will be allocated the relevant investment opportunities pro rata based on the remaining undrawn capital of such separate account clients' relative notional portfolio, unless a separate account client otherwise consents. In certain circumstances, as a result of individual negotiations with FLAG Capital, a FLAG Capital separate account client may have a priority or preference vis-à-vis other separate account clients with respect to investment opportunities that are appropriate for more than one FLAG Capital separate account client.

Item 7 – Types of Clients

FLAG Capital provides investment advisory services to the FLAG Funds, which are private funds of funds, and also offers investment advisory services to separate account clients.

FLAG Capital's advisory services are offered exclusively to accredited investors and/or qualified purchasers. Accordingly, pooled investment vehicles advised by FLAG Capital are not required to register as investment companies under the Investment Company Act of 1940 in reliance upon certain exemptions available to funds whose securities are not publicly offered.

Each FLAG Fund generally accepts investments of no less than \$2,000,000, but the general partner of each such FLAG Fund has discretion to accept investments below that minimum. Investors are requested to refer to the Governing Documents of each of the FLAG Funds for complete information on advisory fees and minimum investment requirements for participation in a particular FLAG Fund. The minimum account size for opening a separately managed account with FLAG Capital varies depending on the nature and complexity of the advisory services to be provided.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

FLAG provides targeted private capital solutions through four independent investment strategies:

1. U.S. Venture Capital: The objective of the FVP Funds is to provide access to the industry's premier U.S. venture capital funds (and, in certain circumstances, venture capital funds in select developed regions outside of the United States) that historically have achieved top-tier performance, in addition to selectively providing exposure to emerging venture capital funds that meet FLAG's rigorous standards for inclusion in its portfolios.

2. U.S. Private Equity: The FPE Funds aim to invest in a diversified portfolio of lower middle market turnaround, value buyout and growth capital funds based in the U.S.

3. International PE & VC: The FIP Funds were created to invest in a balanced portfolio of leading non-U.S. private equity and venture capital managers, primarily focusing on managers based in the European Union and Asia, with select strategic exposure to other non-U.S. markets.

4. Real Assets: The strategy of the FRAP Funds is to provide investors with options for investing across the real assets continuum. This strategy focuses on private real estate (including distressed real estate) and natural resources funds (including funds with a focus on energy, timber, agriculture, commodities, and/or other natural resources).

Investments, and potential investments, are analyzed by FLAG Capital based upon the investment strategy and focus of the underlying funds, the relevant experience of the underlying funds' managers, the past performance of related funds, if any, and any other methods deemed appropriate by FLAG Capital.

FLAG Capital appraises the capabilities of underlying funds based upon information furnished by the trade press, information obtained from other investors and principally from information obtained from the underlying fund managers themselves in written materials, face-to-face meetings, and/or on-site visits.

The specific terms and investment focus for each FLAG Fund is as set forth in each such FLAG Fund's Governing Documents. Investors and prospective investors in each FLAG Fund should review the offering documents of such FLAG Funds in conjunction with this Form ADV Part 2A for complete information on the investment objectives, fees and strategies of such FLAG Fund. There is no assurance that any of the FLAG Funds' investment objectives will be met or that the FLAG Funds' strategies will be successful.

The task of identifying investment opportunities and managing private equity investments is difficult. There can be no assurance that a FLAG Fund will be able to make and/or realize any particular investment or that the FLAG Funds will be able to generate returns for their investors. The marketability and value of any such investments will depend upon many factors beyond the control of the FLAG Funds. In addition, there can be no assurance that any investor will receive any distribution from a FLAG Fund. Investing in the FLAG Funds involves a risk of loss that investors should be prepared to bear. Investors in the FLAG Funds are requested to refer to the Governing Documents of the applicable FLAG Fund for complete information on investment strategies employed by the FLAG Fund and the corresponding risks associated with such investment strategies. Investors in the FLAG Funds should carefully consider, among other factors, the following material risks involved with FLAG Capital's investment strategies.

Risks Inherent in Investments in the FLAG Funds

Overview

A successful program of investing is subject to risks related to (i) the quality of the management of the respective private investment funds in which the FLAG Funds invest (the "Investment

Funds”); (ii) the ability of the management of the Investment Funds to select successful investment opportunities; (iii) general economic conditions; and (iv) the ability of the FLAG Funds and the Investment Funds to liquidate their investments. There can be no assurance that the investments made by the Investment Funds in which the FLAG Funds invest will result in rates of return to the FLAG Funds that are equal to or better than the average rate of return on investments in other partnerships, or that the performance of any Investment Fund will equal or exceed the performance of past investments made by FLAG Capital.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing private equity investments is highly competitive and involves a high degree of uncertainty. The FLAG Funds and the Investment Funds in which they invest will be competing for investments with other private equity investment vehicles, as well as individuals, financial institutions and other institutional investors. No assurance can be given that the FLAG Funds will be able to identify investment opportunities that satisfy their investment objectives and desired diversification goals. Accordingly, it is possible that a FLAG Fund’s capital commitments will not be fully utilized if sufficient attractive investments are not identified and consummated by such FLAG Fund during its investment period.

Illiquidity of Investments by the FLAG Funds

The FLAG Funds may not be able to liquidate a particular interest in an Investment Fund or directly held security at the time and upon the terms it desires. Further, the timing of distributions from the Investment Funds, if any, will likely be at the discretion of their management and may not occur at a time that is desirable.

Lack of Liquidity of Interests in the FLAG Funds

Prospective investors should be aware of the long-term nature of their investment in the FLAG Funds. There is not now and will not be a public market for limited partner interests in the FLAG Funds. Limited partner interests may not be assigned, transferred or encumbered without the prior written permission of the general partner of the applicable FLAG Fund. Accordingly, a limited partner may not be able to liquidate its investment and must be prepared to bear the risks of owning its limited partner interest for an extended period of time.

Dependence on Key Personnel

The success of the FLAG Funds will be highly dependent on the expertise and performance of FLAG Capital’s investment team. There can be no assurance that the members of the investment team will continue to be associated with the respective general partners of the FLAG Funds or any of their affiliates throughout the life of the FLAG Funds. The loss of certain of these individuals could have a significant adverse impact on the business of the FLAG Funds. Investors in the FLAG Funds may have no recourse in the event that any of these individuals ceases to perform services for the FLAG Funds. Investors are not expected to be permitted to

withdraw commitments or investments in the FLAG Funds as a result of the departure of one of the professionals responsible for the activities of the FLAG Funds.

Risks Related to Commitment Strategy

The general partner of a FLAG Fund may expect Investment Funds to drawdown less capital than such FLAG Fund has committed to the Investment Funds. If the relevant general partner decides it is in the best interest of the FLAG Fund to fully deploy the total capital commitments of such FLAG Fund's limited partners, the general partner may make aggregate commitments to Investment Funds that exceed the aggregate capital commitments of the limited partners to such FLAG Fund. Although each FLAG Fund will monitor cash flow projections closely, there can be no assurance that each such FLAG Fund will be able to meet all of its commitments to the Investment Funds or otherwise successfully implement its commitment strategy. If a FLAG Fund is not able to meet all of its commitments to the Investment Funds, such FLAG Fund may be subject to penalties arising under the terms of its contractual commitments with respect to its investment in Investment Funds, including, without limitation, being required to sell its interest in an Investment Fund or forfeiting a portion of its investment in an Investment Fund. In such cases, such FLAG Fund's return from such Investment Fund could be materially lower than it would have been had the FLAG Fund been able to meet all of its commitments.

Multiple Levels of Expense

The FLAG Funds and the Investment Funds impose performance-based allocations or fees, management charges, and other expenses. Such fees and expenses will result in greater expense than if limited partners of a FLAG Fund were able to invest directly in the Investment Funds or the portfolio companies of such Investment Funds. Fees and expenses of the FLAG Funds and the Investment Funds in which the FLAG Funds invest will generally be paid regardless of whether the FLAG Funds or the Investment Funds produce positive investment returns. From time to time, a FLAG Fund may purchase an interest in another FLAG Fund, provided that the sale or purchase is consistent with FLAG Capital's fiduciary obligations to each such Fund.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FLAG Capital or the integrity of FLAG Capital's management team. FLAG Capital has no information to be disclosed in response to this Item 9.

Item 10 – Other Financial Industry Activities and Affiliations

As described in Item 4 above, FLAG Capital's management personnel form affiliated general partner entities for each FLAG Fund. Certain principals and related persons of FLAG Capital may spend a substantial amount of their business time on one or more of the FLAG Funds and/or separate account clients as required pursuant to the terms of each FLAG Fund's Governing Documents and each separate account client's investment advisory agreement. This can create conflicts in the allocation of time, resources and investment opportunities among FLAG

Capital's clients. Investors are requested to refer to the Governing Documents of each FLAG Fund and/or separate account client's investment advisory agreement for complete information on the requisite time commitments (if any) of FLAG Capital and its related persons to client accounts. Please also refer to the description of FLAG Capital's investment allocation policy described in the subsection "*Side-by-Side Management*" in Item 6 above.

Offshore Affiliates

FLAG Capital Management (Asia) Limited and FLAG Capital Management (Singapore) PTE Ltd. are wholly owned subsidiaries of FLAG Capital established to assist with research and to perform due diligence with respect to private equity and venture capital managers based in Asia.

Feeder Funds and AIVs

FLAG Capital or its related entities may establish additional limited partnerships or other entities with respect to certain FLAG Funds ("Feeder Funds") to address certain tax, regulatory or structural requirements. Each Feeder Fund formed becomes a limited partner of the applicable FLAG Fund and interests in such Feeder Fund would be held by the investors who elect to participate in the FLAG Fund through such Feeder Fund. In addition, FLAG Capital may form other alternative investment vehicles, parallel funds or special purpose vehicles (collectively, "AIVs") formed for the purpose of facilitating certain investments by one or more FLAG Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable FLAG Fund for complete details on any Feeder Fund established for such FLAG Fund and such FLAG Fund's ability to make investments through AIVs.

Other Positions

Principals and employees of FLAG Capital and its affiliates may serve as officers, advisors, directors or provide comparable management functions for public companies and/or portfolio companies in which FLAG Capital clients directly or indirectly invest, as well as for investment institutions that may invest in FLAG Funds. In addition, such principals and employees may provide other services to public companies and/or portfolio companies and may receive compensation in connection therewith. Principals and employees of FLAG Capital may, from time to time, be provided access to confidential information relating to public companies and/or portfolio companies in which FLAG Capital clients may directly or indirectly invest. As a result, FLAG Capital clients may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the securities of such public companies and/or portfolio companies, which prohibition may have an adverse effect on FLAG Capital clients.

Selection or Recommendation of Other Advisers

As a fund-of-funds manager, FLAG Capital selects other investment advisers for its clients. Certain of FLAG's principals and/or related persons may be invited to serve on the advisory boards of the underlying Investment Funds in which FLAG Capital clients invest to provide advice on certain conflicts of interest and other matters pertaining to such Investment Funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such Investment Funds into account. Additionally, such persons may receive

compensation for such services. Any such compensation will be applied to the appropriate FLAG Fund to reduce the management fees such FLAG Fund pays to FLAG Capital.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FLAG Capital has adopted a Code of Ethics (the “Code”) that requires all employees to conduct business consistent with the highest level of ethical standards and the fiduciary duties owed by FLAG Capital to its clients. FLAG Capital has appointed a Chief Compliance Officer (“CCO”) who is responsible for maintaining and enforcing the Code. Under the Code, all applicable personnel have a duty to act in the best interests of FLAG Capital’s clients. All potential conflicts and violations of the Code should be promptly reported to the CCO. It is the expressed policy of FLAG Capital that no person covered by the Code shall (i) prefer his or her own interest to that of a client or (ii) make personal investment decisions based on the investment decisions made by FLAG Capital in respect of a client.

The Code contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, and the misuse of inside information. FLAG Capital’s personnel with access to client investment information must report all personal transactions to the CCO on at least a quarterly basis. The CCO monitors all transactions by access persons in order to ascertain any pattern of conduct which may evidence conflicts or potential conflicts with the principles and objectives of the Code, or other inappropriate behavior. FLAG Capital requires all access persons to also receive approval from the CCO prior to investing in any initial public offerings or private placements (limited offerings).

FLAG Capital requires that all employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. The Code also includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination. FLAG Capital will provide to any, client, investor or prospective investor at no cost a copy of the Code. Clients or investors wishing to receive this information should contact FLAG Capital by telephone during normal business hours.

Members and certain employees of FLAG Capital will share in the profits and losses generated by the portfolios of the FLAG Funds as limited partners or members of the general partners of the FLAG Funds and, with respect to certain FLAG Funds, as members of the general partner of the general partner of such FLAG Fund. Accordingly, such persons will have indirect beneficial interests in the limited partner interests held by the FLAG Funds.

FLAG Capital and FLAG affiliates may, directly or through one or more entities, acquire certain investments for the purpose of holding such investments until their future sale to a FLAG Fund. At an appropriate time, the applicable investment will be sold by FLAG Capital or the FLAG affiliate to a FLAG Fund provided that the sale is consistent with FLAG Capital’s fiduciary obligations to the FLAG Funds. Such transactions will be fully disclosed in writing, and the written consent of the appropriate FLAG Fund (which, in certain circumstances, may be

provided by the FLAG Fund's Advisory Board) will be obtained prior to the consummation of any such transactions to the extent required under Section 206(3) of the Advisers Act and/or similar securities laws.

Moreover, from time to time, FLAG Capital may cause FLAG Funds and/or separate account clients to engage in “cross transactions” via the purchase of a limited partner interest from or sale of a limited partner interest to another FLAG Fund or separate account client, provided that the sale or purchase is consistent with FLAG Capital’s fiduciary obligations to each FLAG Capital client.

Item 12 – Brokerage Practices

Discretionary Brokerage

With regard to the underlying funds in which FLAG Capital clients invest, securities are generally purchased directly from the issuer or general partner, without the assistance of a broker-dealer and without the payment of a brokerage commission. With regard to securities distributed from the underlying funds in which FLAG Capital clients invest, FLAG Capital has discretion to select a broker-dealer to effect securities transactions. In selecting broker-dealers to effect securities transactions, FLAG Capital seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds and other such factors as the CCO deems relevant and beneficial to the applicable FLAG Capital clients. Broker-dealers utilized by FLAG Capital are reviewed on an annual basis.

Research and Soft Dollar Benefits

FLAG Capital does not engage in soft dollar arrangements with respect to securities transactions for the FLAG Funds or separate account clients.

Any research services and/or other products or services that are provided to FLAG Capital by brokers or dealers may be used for the benefit of all clients of FLAG Capital and do not necessarily benefit solely the client account from which the commissions were generated. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to FLAG Capital’s clients, but does create a potential conflict of interest of which investors should be aware in assessing FLAG Capital’s choice of broker-dealers.

Trade Aggregation

Although FLAG Capital does not often trade in public securities, in such circumstances FLAG Capital will, to the extent possible, generally place a combined order for two or more FLAG Funds and/or separate account clients engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating FLAG Funds’ Governing Documents

and participating separate account clients' investment advisory agreements, and otherwise in the best interest of the participating clients.

Item 13 – Review of Accounts

FLAG Capital reviews the investment accounts of the FLAG Funds and separate account clients on an ongoing basis. The FLAG Capital Investment Committee and its members review investments.

The general partners of each FLAG Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports contain an individual capital account statement as of the end of such fiscal year and the audited financial statements of the FLAG Fund. The quarterly reports contain unaudited financial statements of the FLAG Fund and individual capital account statements for the fiscal quarter. FLAG Capital will generally provide similar reporting to its separate account clients, although the type and frequency of such reports may vary among separate account clients depending on the nature and complexity of the advisory relationship. .

Item 14 – Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

In connection with investments made by certain FLAG Funds or separate account clients, as the case may be, FLAG or certain principals of FLAG may, from time to time, receive directors' fees, consulting fees, monitoring fees, investment banking fees, transaction fees and/or other remuneration. To mitigate potential conflicts of interest, FLAG Capital may offset all or a portion of such benefits against advisory fees payable (i) by the applicable FLAG Fund to FLAG Capital in accordance with such FLAG Fund's Governing Documents and (ii) to FLAG Capital pursuant to agreements entered into with separate account clients, as the case may be. Investors are requested to refer to the Governing Documents of the applicable FLAG Fund (or the investment advisory agreement with the applicable separate account client) for complete information on the calculation of advisory fees charged to such FLAG client and applicable fee offsets.

Third Party Compensation for Client Referrals

FLAG Capital or the FLAG Funds may pay a cash fee to a third party placement agent for referring clients to FLAG Capital and/or investors to the FLAG Funds. Unless otherwise provided in the Governing Documents of the relevant FLAG Fund (or the investment advisory agreement of the relevant separate account client), neither any FLAG Capital separate account client nor any investor in any FLAG Fund will bear any fees paid to any third party placement agent in connection with investor referrals.

Certain custodians or affiliates of custodians with which FLAG Capital maintains client funds may, from time to time, refer investors and/or separate account clients to one or more FLAG Funds. FLAG Capital does not compensate any custodian for referrals and such referrals are not based on the amount of assets custodied with these service providers.

Item 15 – Custody

FLAG Capital generally invests FLAG Fund and separate account client assets in private securities, only some of which will be listed by a market or maintained by a qualified custodian. To the extent that FLAG Capital maintains client assets at a qualified custodian, the qualified custodian sends statements to FLAG Capital.

FLAG Capital will not have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, FLAG Capital will generally be deemed to have custody of the assets of the FLAG Funds as a result of its position as an affiliate of the general partner (or equivalent control person) of such FLAG Fund.

It is general policy to cause the annual financial statements of each FLAG Fund with assets over which FLAG Capital is deemed to have “custody” to be audited annually and, absent unforeseeable circumstances, to distribute such audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), to investors in such Fund no later than 180 days after the end of each fiscal year. In addition, upon the final liquidation of any such FLAG Fund, FLAG Capital will generally obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such FLAG Fund to all of its investors promptly after completion of the audit. FLAG Capital urges investors to review all financial statements carefully.

Item 16 – Investment Discretion

Subject to the investment objectives, policies and restrictions of each FLAG Fund (as set forth in its Governing Documents), FLAG Capital has discretionary authority to determine the type and amount of securities and investments to be bought and sold on behalf of each FLAG Fund.

Subject to the investment objectives, policies and restrictions of each FLAG Capital separate account client (as set forth in the agreement between such separate account client and FLAG Capital), FLAG Capital may or may not have discretionary authority to determine the type and amount of securities and investments to be bought and sold on behalf of each separate account client.

Item 17 – Voting Client Securities

FLAG Capital has adopted policies and procedures regarding the voting of proxies. These policies and procedures are designed to ensure that proxies received with respect to securities held by FLAG Capital clients where FLAG Capital exercises voting discretion are voted in the best interests of such FLAG Capital clients and that FLAG Capital maintains records of its proxy voting.

Unless otherwise instructed by a client, FLAG Capital will vote client proxies consistent with general guidelines that FLAG Capital has adopted, and which are designed to reflect the best

interests of the FLAG Capital clients, after taking into consideration all relevant facts and circumstances at the time of the vote. These guidelines provide that, in the event that FLAG Capital determines that a material conflict exists in connection with a vote, FLAG Capital will take steps to ensure that its voting decision is based on the best interests of the applicable FLAG Capital client, and is not a product of the conflict. Such steps may include seeking the advice of the applicable FLAG Fund's Advisory Board in voting such security or deferring to the voting recommendation of an independent third party provider of proxy voting services.

FLAG Capital will deliver, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable FLAG Capital client.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. FLAG Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.