

Part 2A of Form ADV

**Item 1 – Cover Page**

Altpoint Capital Partners LLC  
712 Fifth Avenue – 50<sup>th</sup> Floor  
New York, NY 10019  
Phone: (212) 497-1100  
Facsimile: (646) 805-3474  
[www.altpointcapital.com](http://www.altpointcapital.com)

**This brochure provides information about the qualifications and business practices of Altpoint Capital Partners LLC. If you have any questions about the contents of this brochure, please contact us at (212) 497-1100 or [info@altpointcapital.com](mailto:info@altpointcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Altpoint Capital Partners LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration of an investment adviser does not imply any level of skill or training.**

## **Item 2 – Material Changes**

Not applicable.

## **Item 3 – Table of Contents**

<b>Item 3 .....</b>	<b>2</b>
<b>Item 4 – Advisory Business .....</b>	<b>3</b>
<b>Item 5 – Fees and Compensation .....</b>	<b>4</b>
<b>Item 6 – Performance-Based Fees .....</b>	<b>6</b>
<b>Item 7 – Types of Clients .....</b>	<b>6</b>
<b>Item 8 – Methods of Analyses, Investment Strategies and Risk of Loss .....</b>	<b>6</b>
<b>Item 9 – Disciplinary Information .....</b>	<b>16</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations .....</b>	<b>16</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..</b>	<b>17</b>
<b>Item 12 – Brokerage Practices .....</b>	<b>18</b>
<b>Item 13 – Review of Accounts .....</b>	<b>19</b>
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>20</b>
<b>Item 15 – Custody .....</b>	<b>20</b>
<b>Item 16 – Investment Discretion .....</b>	<b>21</b>
<b>Item 17 – Voting Client Securities .....</b>	<b>21</b>
<b>Item 18 - Financial Information .....</b>	<b>21</b>
<b>Item 19 – Requirements for State-Registered Advisers .....</b>	<b>21</b>

#### **Item 4 – Advisory Business**

##### **4A.**

Founded in 2006, Altpoint Capital Partners LLC (“**Altpoint**”) provides discretionary investment advice to private investment funds organized in an onshore-offshore private equity fund structure exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), in reliance on Sections 3(c)(1) and 3(c)(7) of the Investment Company Act. Altpoint serves as the investment manager for four investment vehicles that each invest through a holding company.

Altpoint Capital Partners Fund I LP (“**Fund I**”) is a Delaware limited partnership that serves as the managing member of Altpoint Capital Partners Holdings LLC (“**Altpoint Capital Partners Holdings**”). ACP Fund I Special Limited Partner LP (“**Feeder Fund I**”) is a feeder fund for Fund I. Altpoint Capital Partners Fund I AIV LP (the “**Fund I Onshore AIV**”) is a Delaware limited partnership that serves as the managing member of Altpoint Capital Onshore Holdings LLC (“**Altpoint Capital Onshore Holdings**”). ACP Fund I Special Limited Partner AIV LP (“**Feeder Fund I Onshore AIV**”) is a feeder fund for Fund I Onshore AIV. Altpoint Capital Partners Fund I AIV Offshore L.P. (the “**Fund I Offshore AIV**”) is a Cayman Islands exempted limited partnership and the controlling shareholder of Altpoint Capital Offshore Holdings Ltd. (“**Altpoint Capital Offshore Holdings**” and, together with Altpoint Capital Partners Holdings and Altpoint Capital Onshore Holdings, the “**Fund I Holding Companies**”). ACP Fund I Special Limited Partner AIV Offshore L.P. (“**Feeder Fund I Offshore AIV**” and, together with Feeder Fund I and Feeder Fund I Onshore AIV, the “**Fund I Feeder Funds**”) is a feeder fund for Fund I Onshore AIV. Altpoint Capital Partners Fund II LP (“**Fund II**”) is a Delaware limited partnership that serves as the managing member of Altpoint Capital Partners Holdings II LLC (“**Altpoint Capital Partners Holdings II**”). ACP Fund II Special Limited Partner LP (“**Feeder Fund II**”) is a feeder fund for Fund II.

Each of (i) Fund I, the Fund I Onshore AIV, the Fund I Offshore AIV, the Fund I Holding Companies, the Fund I Feeder Funds and any other alternative investment vehicles established in the future by any of the foregoing (collectively, the “**Fund I Vehicles**”) and (ii) Fund II, Altpoint Capital Partners Holdings II, Feeder Fund II and any other alternative investment vehicles established in the future by any of the foregoing (collectively, the “**Fund II Vehicles**” and together with the Fund I Vehicles, the “**Altpoint Funds**”) intends to invest its capital directly or indirectly in portfolio companies identified by Altpoint.

From time to time, Altpoint may also provide investment advice to certain coinvestment vehicles established to coinvest alongside the Fund and its affiliates in specific portfolio investments (collectively, the “**Coinvestment Vehicles**”).

Altpoint is controlled and owned by Mr. Guerman Aliev. Mr. Aliev owns 89.9% of Altpoint and serves as Altpoint’s managing member.

#### **4B.**

The Altpoint Funds seek to provide risk-adjusted returns primarily through direct or indirect investment in illiquid equity, equity-related or similar securities or instruments, including, without limitation, debt or other securities or instruments with equity-like returns or an equity component (the “**Investment Objectives**”). Altpoint is authorized to engage in any phase of investing and trading in securities and other financial instruments and in any financing activities it determines to be appropriate for its clients. In particular, Altpoint (i) identifies potential investment opportunities, (ii) performs extensive due diligence with respect to such investment opportunities and (iii) provides investment advice in the purchase and sale of the equity interests of privately held companies, the securities of publicly traded companies and other financial instruments.

#### **4C.**

Altpoint tailors its advisory services to the individual Altpoint Funds by taking into account the different investment mandates for the Fund I Vehicles and the Fund II Vehicles.

For the Fund I Vehicles, Altpoint seeks to identify investment opportunities in either (i) the existing portfolio companies of the Fund I Vehicles (the “**Fund I Portfolio Companies**”) or (ii) portfolio companies identified by Altpoint whose business is related or complementary to the Fund I Portfolio Companies where Altpoint believes that such investment will preserve, protect or enhance any of the Fund I Portfolio Companies.

For the Fund II Vehicles, Altpoint seeks to identify investment opportunities consistent with the Investment Objectives.

#### **4D.**

Altpoint does not participate in wrap fee programs with respect to any of its clients.

#### **4E.**

As of December 31, 2011, Altpoint had approximately \$657,796,000 of regulatory assets under management, including approximately \$186,000,000 of remaining capital commitments, for its clients on a discretionary basis. Altpoint does not manage any assets on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

#### **5A.**

Typically, each investor in the Altpoint Funds is charged an annual base management fee.

The management fee for each of the Fund I Vehicles and Fund II Vehicles will be determined by the mutual agreement of Altpoint and the majority in interest in respect of the relevant Altpoint Fund, as appropriate. The management fee for the Fund I Vehicles is expected to be determined based on the aggregate amount of assets under management in the Fund I Vehicles. The management fee for the Fund II Vehicles is expected to be determined based on the aggregate capital commitments made by investors to the Fund II Vehicles until a significant majority of such capital has been invested. Thereafter, the management fee for the Fund II Vehicles is expected to be determined based on the aggregate amount of assets under management in the Fund II Vehicles.

**5B.**

Altpoint will bill the Altpoint Funds for any annual base management fee when due. The Altpoint Funds will fund such management fee with available cash. In the event that any Altpoint Fund does not have sufficient cash to fund the relevant management fee owed to Altpoint, such Altpoint Fund may require a capital contribution from its investors. However, the Altpoint Funds will not be required to dispose of any portfolio investment in order to fund any management fee owed to Altpoint and Altpoint will not receive payment-in-kind with respect to any management fee due.

**5C.**

Altpoint may also contract for and receive transaction fees, break-up fees, monitoring fees, directors' fees and other similar fees from any person in connection with the activities of the Altpoint Funds, including the portfolio companies of the Altpoint Funds. While neither the Altpoint Funds nor the investors will have any right to receive payment in respect of all or any portion of any such fees or the management fee described above, these fees will generally offset any subsequent management fees owed to Altpoint by the Altpoint Funds on a dollar-for-dollar basis. However, the Altpoint Funds will not be required to pay to Altpoint or the General Partner (as defined below) any fees other than the management fees and incentive allocations/fees described herein

**5D.**

Generally, any management fees shall be payable by the Altpoint Funds quarterly in advance each January 1, April 1, July 1 and October 1.

In the event that the management agreement between Altpoint and any Altpoint Fund is terminated, Altpoint shall promptly refund to such Altpoint Fund the *pro rata* portion of the annual management fee paid by such Altpoint Fund in respect of the calendar quarter during which the termination occurred and equal to the portion of such annual management fee attributable to the number of days remaining in such calendar quarter.

**5E.**

Not applicable.

**Item 6 – Performance-Based Fees**

In addition to the management fee described above, Altpoint’s employees (through the general partners (if applicable) of each Altpoint Fund (collectively, the “**General Partner**”)) may receive an “incentive or performance allocation/fee” from the Altpoint Funds.

Generally, the “incentive or performance allocation/fee” charged to each investor in the Altpoint Fund I Vehicles is equal to an agreed upon percentage of disposition proceeds that are in excess of the sum of (a) an agreed upon valuation of the Fund I Portfolio Companies determined as of December 2009 and (b) any additional capital contributions made by the investors to the Altpoint Fund I Vehicles.

Generally, the “incentive or performance allocation/fee” charged to each investor in the Altpoint Fund II Vehicles is equal to an agreed upon percentage of disposition proceeds that are in excess of the sum of (a) such investor’s capital contributions and expenses related to the portfolio investments in the Altpoint Fund II Vehicles and (b) the amount that would provide such investor with an 8% internal rate of return on the amount described in clause (a).

A performance-based fee may be deemed to create a conflict of interest for an adviser, as there could be an incentive for the adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, the fact that the individual Altpoint Funds may pay different levels of fees may give rise to conflicts of interest. Altpoint will at all times act in a manner that it believes to be in the best interests of its clients. For more information regarding potential conflicts of interest, please see Item 8.B and C.

**Item 7 – Types of Clients**

As described above, Altpoint provides discretionary investment advice to private investment funds organized in an onshore-offshore private equity fund structure exempt from registration under the Investment Company Act in reliance on Sections 3(c)(1) and 3(c)(7) of the Investment Company Act.

**Item 8 – Methods of Analyses, Investment Strategies and Risk of Loss**

**8A.**

The Altpoint Funds seek to make investments consistent with the Investment Objectives described in Item 4.B.

Altpoint is generally authorized to engage in any phase of investing and trading in securities and other financial instruments and in any financing activities it determines to be appropriate for its clients pursuant to the terms of the partnership agreements or other governing documents of the Altpoint Funds (collectively, the “**Partnership Agreement**”). In particular, Altpoint (i) identifies potential investment opportunities consistent with the Investment Objectives, (ii) performs extensive due diligence with respect to such investment opportunities and (iii) provides investment advice in the purchase and sale of the equity interests of privately held companies, the securities of publicly traded companies and other financial instruments.

An experienced team of investment professionals utilizes an investment approach that allows the Altpoint Funds to participate in a wide variety of transactions including: (i) taking public companies private; (ii) positioning private companies to go public; (iii) providing growth capital to private companies; (iv) funding acquisitions or expansions into new markets; (v) restructuring the balance sheets of both private and public companies; and (vi) establishing a platform with an experienced operating team through which additional acquisitions may be made.

The Altpoint Funds will generally seek to make investments where the Altpoint Funds can deploy \$25-100 million of capital through such investment. The Altpoint Funds will generally seek control positions in their portfolio companies but may also make investments as part of a consortium of buyers, either as a participant or lead sponsor.

Altpoint generally endeavors to: (i) target economic sectors with attractive secular growth and return dynamics; (ii) identify and partner with highly experienced managers and structure transactions so as to properly incentivize the management team; (iii) develop an investment thesis within each sector; (iv) follow a disciplined and conservative investment process to identify investment opportunities with intrinsic un-levered return potential; (v) provide the growth or “solution” capital necessary to grow portfolio companies organically and/or through acquisition; (vi) create additional value through active participation on the boards of directors and by providing the support to implement business plans and assisting in the execution of growth plans, acquisition strategies and capital market financings; and (vii) actively monitor its investments and constantly ascertain and evaluate potential exit strategies.

With respect to a prospective portfolio company, Altpoint’s due diligence efforts and financial analysis include: (i) an evaluation of the company in light of Altpoint’s investment thesis in the sector; (ii) an assessment of the core industry capability and relevant experience of the management team; (iii) an analysis of the company’s market presence, including its position in the market, customer loyalty, cost structure and demand relative to its competitors and general market dynamics within its industry; (iv) an analysis of the company’s operating history and a forecast of the company’s short- and long-term prospects and (v) an evaluation of the proposed transaction’s structure to ensure the flexibility to grow the business.

While Altpoint generally follows the analytical methodologies and investment strategies discussed above, these methodologies and strategies are not intended to represent an exclusive list but to provide examples. Not all these methodologies or strategies may be utilized at the

same time or in the same proportions, and Altpoint may modify and/or implement additional strategies as appropriate for different investments or in response to changing market conditions.

## **8B.**

Investment in the Altpoint Funds involves a high degree of risk. The possibility of partial or total loss of capital will exist and investors must be prepared to bear capital losses that might result from such investment. In addition, there will be occasions when the General Partner or Altpoint may encounter potential conflicts of interest in connection with the activities of the Altpoint Funds. Investors should carefully consider the risks and potential conflicts of interest, which include, but are not limited to, the following:

### ***Nature of Investment***

An investment in the Altpoint Funds requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to the investors. Many of the Altpoint Funds' investments will be highly illiquid, and there can be no assurance that the Altpoint Funds will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. Additionally, the Altpoint Funds typically will acquire securities that cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or in a private placement or other transaction exempt from registration under the Securities Act. The securities in which the Altpoint Funds will invest generally will be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. Certain of the Altpoint Funds' investments may be in businesses with little or no operating history. Certain of the Altpoint Funds' investments may be in businesses with high levels of debt or may be investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Since the Altpoint Funds may only make a limited number of investments, and since the Altpoint Funds' investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the investors. The performance of portfolio investments of other funds sponsored by Altpoint is not necessarily indicative of the results that will be achieved by any of the Altpoint Funds.

A certain percentage of the capital commitments to the Altpoint Funds may be invested in businesses operating and/or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. For instance, investments in non-U.S. businesses (i) may require significant government approvals under corporate, securities, exchange control, non-U.S. investment and other similar laws and regulations, (ii) may require financing and structuring alternatives and exit strategies that differ substantially from those commonly used in the United States and (iii) will expose the Altpoint Funds to potential losses arising from changes in foreign currency exchange rates. The



foregoing factors may increase transaction costs and adversely impact the value of the Altpoint Funds' investments in non-U.S. portfolio companies.

#### ***Restrictions on Transfer and Withdrawal***

Interests in the Altpoint Funds have not been registered under the Securities Act or any other applicable securities laws. There is no public market for such interests and none is expected to develop. In addition, such interests are not transferable except with the consent of the General Partner, which generally may be withheld by the General Partner in its sole discretion, and are subject to the terms and conditions of the Partnership Agreement. Investors generally may not withdraw capital from the Altpoint Funds. Consequently, an investor in a particular Altpoint Fund may not be able to liquidate their investments prior to the end of the relevant Altpoint Fund's term.

#### ***Competitive Nature of the Altpoint Funds' Business***

The business of the Altpoint Funds is highly competitive. Altpoint will be competing for investment against other groups, including direct investment firms, merchant banks and industrial groups, and Altpoint may be unable to identify a sufficient number of attractive investment opportunities for the Altpoint Funds to meet their respective investment objectives. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of Altpoint or the General Partner.

#### ***Dependence on Key Personnel***

The success of the Altpoint Funds depends in substantial part on the skill and expertise of the senior managers and other employees of Altpoint. There can be no assurance that the senior managers or other employees of Altpoint will continue to be employed by Altpoint throughout the life of the Altpoint Funds. The loss of key personnel could have a material adverse effect on the Altpoint Funds.

#### ***Risks Upon Disposition of Investments***

In connection with the disposition of an investment in a portfolio company, the Altpoint Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Altpoint Funds may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors. The Partnership Agreement generally contains provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the investors to the extent that they have received distributions from the Altpoint Funds, subject to certain limitations.

### ***Performance Allocations***

The fact that the General Partner's compensation is based on the performance of the Altpoint Funds may create an incentive for the General Partner to cause the Altpoint Funds to make investments that are more speculative than would be the case in the absence of performance-based compensation.

### ***Lack of Operating History***

Although key personnel of Altpoint have had extensive experience investing in the private equity market, some of the Altpoint Funds are newly formed entities with no operating history upon which to evaluate such Altpoint Funds' likely performance.

### ***General Economic Conditions***

General economic conditions may affect the Altpoint Funds' activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Altpoint Funds or considered for prospective investment.

### ***Potential Conflicts of Interest***

In the ordinary course of its business, Altpoint or its affiliates may engage in activities in which their interests or the interests of their clients may conflict with or be adverse to the interests of the Altpoint Funds. In addition, such clients may utilize the services of Altpoint, for which they will pay customary fees and expenses which will not be shared with the Altpoint Funds or their investors.

Altpoint has long term relationships with a significant number of portfolio companies and their respective senior management. Altpoint also has long-term relationships with certain investors in the Altpoint Funds. The existence and development of these relationships may influence whether or not Altpoint undertakes a particular investment on behalf of the Altpoint Funds and, if so, the form and level of such investment. Similarly, Altpoint may take the existence and development of such relationships into consideration in its management of the Altpoint Funds and their portfolio investments. Without limiting the generality of the foregoing, there may, for example, be certain strategies involving the management or realization of particular portfolio investments that Altpoint will not employ on behalf of the Altpoint Funds in light of these relationships.

On any issue involving actual conflicts of interest, the General Partner and Altpoint will be guided by its good faith judgment as to the Altpoint Funds' best interests. In the event that any matter arises that the General Partner or Altpoint determines in its good faith judgment to constitute an actual conflict of interest between the Altpoint Funds and the General Partner or its affiliates, the General Partner may take such actions as may be necessary or appropriate to ameliorate the conflict, and upon taking such actions in good faith the General Partner will be relieved of any responsibility for the conflict of interests.

### ***Certain Regulatory Considerations***

The Altpoint Funds expect to make investments in a number of different industries, some of which are or may become subject to regulation by one or more United States federal agencies and by various agencies of the states, localities and counties in which they operate. New and existing regulations, changing regulatory schemes, and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies that operate in these industries.

### ***Communications and Media Regulatory Considerations***

Certain communications and media companies are subject to extensive U.S. federal, state and local regulatory requirements. Certain regulations that are intended to limit the concentration of ownership and control of communications and media companies may prevent the Altpoint Funds from making certain investments that it would otherwise make. Other regulations may cause the Altpoint Funds to incur substantial additional costs or lengthy delays in connection with the completion or disposition of an investment.

### ***Investments in Troubled and Leveraged Companies***

The Altpoint Funds may invest in securities of financially troubled companies and securities of highly leveraged companies. While these investments are likely to be particularly risky, they also may offer the potential for correspondingly high returns. Under certain circumstances, payments to the Altpoint Funds and distributions by the Altpoint Funds to their investors may be reclaimed if any such payment is later determined to have been a preferential payment.

### ***Middle Market Companies***

Investments in middle market companies such as those that the Altpoint Funds intend to invest in may entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Altpoint Funds to react quickly to negative economic or political developments.

### ***Follow-On Investments***

The Altpoint Funds may be called upon to provide follow-up funding for its portfolio companies or have the opportunity to increase their investment in such portfolio companies. There can be no assurance that the Altpoint Funds will wish to make follow-on investments or

that they will have sufficient funds to do so. Any decision by the Altpoint Funds not to make follow-on investments or their inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Altpoint Funds' ability to influence the portfolio company's future development.

### ***Liability of Investors***

The Altpoint Funds have generally been organized as either limited partnerships or limited liability companies. Investors will not be personally liable for the debts of the Altpoint Funds except as provided in the partnership agreement or relevant governing document of the Altpoint Fund and except that, in the event that the Altpoint Funds are otherwise unable to meet their obligations, each investor may be obligated to repay amounts previously received by such investor to the extent that such amounts are deemed to have been wrongfully distributed to such investor.

### ***Phantom Income***

There can be no assurance that the Altpoint Funds will have sufficient cash flow to permit it to make distributions to their investors in the amount necessary to enable them to pay all tax liabilities resulting from their ownership of Interests.

### ***Reliance on Management of Portfolio Companies***

While it is the intent of the Altpoint Funds to invest in companies alongside proven operating management, there can be no assurance that such management will continue to operate successfully. Although Altpoint will monitor the performance of each investment, the Altpoint Funds will rely upon management to operate the portfolio companies on a day-to-day basis.

### ***Distributions in Kind***

Although, under normal circumstances, the Altpoint Funds intend to make distributions in cash, it is possible that under certain circumstances (including the liquidation of the Altpoint Funds), distributions may be made in kind and could consist of securities for which there is no readily available public market or securities of entities unable to meet required interest or sinking fund payments.

### ***Limited Due Diligence***

Pursuant to its investment strategy, the Altpoint Funds may acquire stakes in target companies without direct discussions with the management of such companies. Therefore, the due diligence information on which the Altpoint Funds rely may be difficult to obtain, limited in scope or inaccurate.

### ***Debt Investments***

The Altpoint Funds intend primarily to make equity investments, but may also make debt investments. Any such debt investments may be unsecured and may be structurally or

contractually subordinated to substantial amounts of indebtedness, all or a significant portion of which may be secured. Such debt investments may not be protected by financial covenants or limitations upon additional indebtedness or the provision of collateral to other indebtedness, and there may be no minimum credit rating (or any credit rating) for such debt investments. In addition, recently there have been a number of efforts by issuers to effect exchange offers for some of their unsecured or subordinated debt that have the effect of improving the position of the holders of that debt in the issuer's capital structure to the detriment of other debtholders. If an issuer of any of the Altpoint Funds' debt investments were successful in pursuing such an exchange offer, it is possible that the Altpoint Funds' investment may become subordinated to, or on parity with, the new debt obligations incurred in such exchange, which may adversely affect the market price of such investment. Other factors may materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of portfolio companies, government fiscal policy and domestic or worldwide economic conditions. The market for relatively illiquid debt tends to be more volatile than the market for more liquid instruments.

Adverse changes in the financial condition of an issuer or in general economic conditions may impair the ability of such issuer to make payments on its debt and result in defaults on, and declines in, the value of its subordinated debt more quickly than in the case of the senior debt obligations of such issuer. The Altpoint Funds may incur expenses if they are required to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, a defaulted or non-performing debt investment may be the subject of substantial and lengthy workout or restructuring negotiations. Such negotiations may result in a reduction of principal, delay in the payment of principal, change of interest rate and/or other substantial changes in terms that may affect the value of such investment and the cash flows from such portfolio company. If an issuer were to file for protection under chapter 11 of the U.S. Bankruptcy Code (the "**Bankruptcy Code**"), the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met. The ability of the Altpoint Funds to influence such negotiations may be limited. If the Altpoint Funds do not provide a majority (or, in certain cases, a greater proportion) of such financing, they may not be able to control the restructuring of such debt or direct the exercise of remedies upon the occurrence of an event of default under such debt. The Altpoint Funds' remedies with respect to the collateral securing such loan will be subject to the decisions made by other lenders to the portfolio company. Even where the Altpoint Funds have effective control over the portfolio company, relevant jurisdictions may refuse to enforce certain remedies sought by the Altpoint Funds. The level of risk associated with investments in loans increases to the extent such investments are loans of distressed or below-investment-grade companies.

There can be no assurance that a portfolio company will generate sufficient cash to service its debt obligations, and, in any such case, the Altpoint Funds may suffer a partial or total loss of invested capital. The Altpoint Funds' investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Altpoint Funds earlier than expected. This may happen, for example, when there is a decline in interest rates. In addition,

depending on fluctuations of the equity markets, warrants and other equity securities held by the Altpoint Funds may become worthless. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of investment transactions or payment in connection with such transactions as fraudulent conveyances or preferential payments under relevant creditors' rights laws or the subordination of claims under so-called "equitable subordination" common law principles, (ii) so-called "lender liability" claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations.

Investments in debt instruments will entail normal credit risks (e.g., the risk of non-payment of interest and principal) and market risks (e.g., the risk that certain market factors will cause the value of the instrument to decline). A debt obligation that is fully bearing payment-in-kind (PIK) interest will generally have a higher risk of non-payment of interest since there will be no cash payments of interest from the borrower prior to maturity or refinancing. Debt instruments may be subject to fluctuations due to changes in interest rates and issuers' credit quality. Also, a default on debt that is held by the Altpoint Funds or a sudden and extreme increase in prevailing interest rates may cause a decline in the Altpoint Funds' asset value. Certain of the Altpoint Funds' investments may be in businesses with high levels of debt or may be investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available cash flow. Investments in leveraged businesses are inherently more sensitive to declines in their revenues and to increases in their expenses.

#### ***Risks Associated with Non-U.S. Investments***

The Altpoint Funds may make investments outside of the United States, in which case the certain additional risks may apply. Such additional risks may include, but are not limited to, the following:

*Political and Legal Risks.* Investments may be subject to changing political environments, regulatory restrictions, and changes in government institutions and policies, any of which could adversely affect private investments. The Altpoint Funds do not intend to obtain political risk insurance. Political and economic instability in any of the countries in which the Altpoint Funds may invest could adversely affect the Altpoint Funds' investments. Economic reforms enacted that lead to more open markets and encourage foreign investment may be curtailed or stalled by political opposition. Political opposition could lead to restrictions on foreign direct investment, including limitations on investment returns, and such restrictions would have an adverse effect on the Altpoint Funds' investments. Laws and regulations in certain jurisdictions, particularly those relating to foreign investment and taxation, may be subject to change or evolving interpretation.

*Economic Risks.* Changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic regulations are possible, any of which could have an adverse effect on private investments. The economies of the countries in which the Altpoint Funds may invest may differ unfavorably from the U.S. economy with regard to the rate of

growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments.

*Foreign Currency and Exchange Risks.* To the extent that the Altpoint Funds directly or indirectly hold assets in local currencies in countries outside the United States, the Altpoint Funds will be exposed to a degree of currency risk that may adversely affect performance. Changes in foreign currency exchange rates may affect the value of securities in the Altpoint Funds' portfolios. In addition, the Altpoint Funds will incur costs in connection with conversions between various currencies. The Altpoint Funds will conduct its foreign currency exchange transactions in anticipation of funding investment commitments or receiving proceeds upon dispositions, but ordinarily will not attempt to hedge currency risks over the long term.

In order to hedge against adverse stock market shifts, the Altpoint Funds may purchase put and call options on stocks, write covered call options on stocks and enter into stock index futures contracts and related options. There can be no guarantee that instruments suitable for hedging market shifts will be available at the time when the Altpoint Funds wish to use them.

Repatriation of investment income, capital and the proceeds from sales of securities by foreign investors such as the Altpoint Funds may require governmental registration and approval in some countries. The Altpoint Funds could be adversely affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation.

*Accounting Standards.* Investments may be made in countries where generally accepted accounting standards and practices differ significantly from those practiced in the United States. The evaluation of potential investments and the ability to perform due diligence may be affected. The financial information appearing on the financial statements of a company operating in one or more countries outside the United States may not reflect its financial position or results of operations in the way that they would be reflected if the financial statements had been prepared in accordance with U.S. generally accepted accounting principles.

*Tax Risks.* The Altpoint Funds and/or the investors could become subject to additional or unforeseen taxation in jurisdictions in which the Altpoint Funds may operate and invest. Changes to taxation treaties (or their interpretation) between the United States and the countries in which the Altpoint Funds may invest may adversely affect the Altpoint Funds' ability to efficiently realize income or capital gains.

*Local Intermediary Risks.* Certain of the Altpoint Funds' transactions may be undertaken through local brokers, banks or other organizations outside the United States, and the Altpoint Funds will be subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Altpoint Funds would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose the Altpoint Funds to a variety of risks including

theft, loss and destruction. The Altpoint Funds will also be dependent upon the general soundness of the banking systems of the countries in which it invests.

*Restrictions on Repatriation of Capital and Profits.* The countries in which the Altpoint Funds may invest may control, in varying degrees, the repatriation of capital and profits that results from foreign investment. Capital markets, often opaque, continue to be highly regulated and will likely be subject to continuing government restrictions. There can be no assurance that the Altpoint Funds will be permitted to repatriate capital or profits, if any, over the life of its activities.

*Clearance, Settlement and Custody Risks.* From time to time, certain securities markets have experienced operational clearance, settlement and custody problems that have resulted in failed trades. To the extent that such problems recur, the Altpoint Funds could miss attractive investment opportunities if they were unable to consummate securities purchases or, in the event that an Altpoint Fund was a seller in a trade situation, the market price of the security that was the subject of the failed trade could decline after the time that the trade was entered into and, if such Altpoint Fund had entered into a contract with the purchaser of the security, such Altpoint Fund would have the liability to that purchaser.

**8C.**

Please refer to Item 8.B above.

**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 an evaluation of Altpoint, or the integrity of Altpoint's management. Altpoint has no information applicable to this item.

**Item 10 – Other Financial Industry Activities and Affiliations**

**10A.**

Neither Altpoint nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

**10B.**

Neither Altpoint nor any of its management persons is registered, or have any application pending to register, as a future commissions merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.



**10C.**

Altpoint does not maintain any relationship or arrangement with any related person that is material to its advisory business.

**10D.**

Altpoint does not maintain any relationship with other investment advisers that creates any conflict of interest, including by recommending or selecting other investment advisers for its clients.

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

**11A.**

Altpoint has adopted a Code of Ethics designed to ensure that no employee takes any action that is adverse or appears to be adverse to the interests of Altpoint or any of its clients. To this end, the Code includes provisions such as:

- a standard of business conduct that Altpoint requires of its supervised persons, which standard reflects Altpoint's fiduciary obligations and those of its supervised persons;
- provisions requiring its supervised persons to comply with applicable Federal and state securities laws;
- provisions requiring supervised persons to report any violations of its Code of Ethics promptly to its Chief Compliance Officer;
- a requirement that employees not trade in securities of issuers identified on a restricted list;
- periodic reporting of all activity in personal securities accounts;
- restrictions on the use of material, nonpublic information;
- provisions addressing permissible outside activities and business interests;
- provisions addressing providing or receiving gifts and entertainment; and
- annual certifications of compliance with provisions of the Code.

A copy of the Code of Ethics will be made available upon request.

If Altpoint receives material, nonpublic information about a company, it could affect Altpoint's ability to engage in transactions with respect to securities of such company, which could have an adverse effect on clients of Altpoint. Exceptions to Altpoint's policies in these areas may be granted by Altpoint's Chief Compliance Officer (or his or her designee).

**11B.**

Altpoint and its personnel do not purchase or sell any securities for their own accounts to or from the Altpoint Funds. However, from time to time, subject to fund investment guidelines

and restrictions, Altpoint may direct one fund to sell securities to another fund through an internal cross transaction in which neither Altpoint nor a related person will receive compensation. Any such transaction would be effected in compliance with applicable law on an arm's length basis and consistent with valuation procedures established by Altpoint. Such cross transactions generally would be made without brokerage commissions being charged

**11C.**

Please see Item 11.B above.

**11D.**

Please see Item 11.B above.

**Item 12 – Brokerage Practices**

*Broker-Dealers.* Subject to the terms of the governing documents of the Altpoint Funds, Altpoint has full discretion and authority to make all investment decisions with respect to the types or amounts of instruments to be bought or sold for accounts managed by it. The Altpoint Funds invest primarily in the equity and equity-related assets of private portfolio companies. Such investments typically do not involve the services of a broker-dealer. In addition, the Altpoint Funds may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

However, to the extent that the Altpoint Funds require the services of a broker-dealer, the objective of the General Partner and/or Altpoint in selecting broker-dealers to effect transactions will be to obtain “best execution.” In selecting brokers and dealers to effect portfolio transactions for the Altpoint Funds, the General Partner and/or Altpoint will consider such factors as the ability of the brokers or dealers to effect the transactions, their facilities, reliability and financial responsibility, and the provision or payment (or the rebate to the Altpoint Funds for payment) of the costs of brokerage or research products or services that the General Partner and/or Altpoint considers to be of benefit to the Altpoint Funds or the General Partner. The General Partner and/or Altpoint need not solicit competitive bids and do not have an obligation to seek the lowest available commissions or other transaction costs. Accordingly, the commissions and other transaction costs (which may include dealer markups or markdowns) charged to the Altpoint Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such products or services. Research products and services provided to the General Partner and/or Altpoint may include research reports on particular industries and companies, economic surveys and analyses, advice from legal, strategic, financial and industry consultants and advisors, recommendations as to specific securities, and other products and services (*e.g.*, quotation equipment and computer-related costs and expenses, including investment- and trading-related computer hardware and software) providing lawful and appropriate assistance to the General Partner and/or Altpoint in the performance of their investment decision-making responsibilities.

*Soft Dollars.* Given the nature of the Altpoint Funds' activities, the Altpoint Funds are not likely to generate any commissions or "soft dollars" through agency and certain riskless principal transactions. However, any use of such commissions or "soft dollars" to pay for research and research-related products or services is expected to fall within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. Under Section 28(e), research products or services obtained with soft dollars generated by one or more Altpoint Funds may be used by Altpoint to service the accounts of one or more other Altpoint Funds.

*Allocations.* Though unlikely, the investment programs of the Altpoint Funds may overlap from time to time. To the extent that any such overlap occurs, Altpoint and its affiliates seek to ensure the equitable allocation of scarce opportunities where Altpoint and its affiliates are unable to obtain the full amount of the instruments that they wish to purchase for their relevant client accounts. In these situations, it is the policy of Altpoint and its affiliates to first determine the amount of the instrument they wish to acquire based on availability, the size and objectives of the accounts and other relevant factors, without regard to allocations to any particular accounts. Altpoint and its affiliates then place an order for the total amount sought. If Altpoint and its affiliates are only able to obtain partial execution of the order, they allocate the purchased instruments in a manner that they believe treats each client account fairly over time. Altpoint and its affiliates consider a wide range of factors including each account's available cash and investment capacity, investment level, diversification, limitations in the governing documents for each account, and other account guidelines and relevant factors. Altpoint and its affiliates may also give special consideration to certain accounts such as new accounts (including those in which Altpoint or its affiliates may have an interest) with a substantial amount of available cash.

*Trade Errors.* Given the nature of the assets that the Altpoint Funds intend to acquire, it is not likely that any trade error could occur. However, in the event that an impermissible entry or other trading error occurs with respect to a client account, the error will be identified and corrected as expeditiously as possible. To the extent an error is caused by a third party, such as a broker, Altpoint will strive to recover any losses associated with such error from such third party. Otherwise, pursuant to the various exculpation and indemnification provisions, the Altpoint Funds (and not Altpoint, its affiliates or the members of any board of directors), will generally bear any losses resulting from a trade error. When a trade error occurs, Altpoint will determine whether the trade error has resulted from gross negligence on its part, and, unless it finds that to be the case, any losses will be borne by (and any gains will benefit) the Altpoint Funds, as the case may be. In making such determinations, Altpoint will have a conflict of interest.

### **Item 13 – Review of Accounts**

#### **13A.**

The Chief Executive Officer, managing directors and investment professionals of Altpoint review client accounts and portfolios regularly and generally attend a weekly meeting to discuss and review client portfolio holdings and prospective investments. The number of portfolio companies and prospective investments followed by an investment professional varies.

### **13B.**

In addition to Altpoint's regular review of client portfolio holdings, Altpoint may conduct special reviews of accounts in response to changes in market conditions, strategic outlook or investment objectives.

### **13C.**

Investors in the Altpoint Funds will generally receive annual audited financial statements of the Altpoint Funds as well as periodic unaudited performance information, no less frequently than quarterly. Additionally, investors in each Altpoint Fund will receive the following materials with respect to such Altpoint Fund: (i) an annual investment overview summarizing the fund's activities and prospects, including descriptive investment information and performance analysis of each portfolio company; and (ii) semi-annual reports summarizing recent activity and performance in the portfolio and updates regarding any potential exit opportunities with respect to any portfolio company. Upon request, Altpoint also makes available certain additional information.

## **Item 14 – Client Referrals and Other Compensation**

### **14A.**

Altpoint does not receive any economic benefit from any person that is not a client in connection with providing investment advice or other advisory services.

### **14B.**

Neither Altpoint nor any related person directly or indirectly compensates any person (other than supervised persons) for client referrals.

## **Item 15 – Custody**

Because Altpoint's private equity investments are often evidenced by agreements that are kept on the premises, Altpoint is deemed to have custody of its assets. As required by Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**"), an independent public accountant verifies all funds and securities at least once during each calendar year within the required timeframe. Citibank N.A. serves as custodian for the Altpoint Funds' assets. Investors will receive quarterly statements from Citibank N.A., which will be carefully reviewed. With respect to any cash held at the Altpoint Funds, each Altpoint Fund maintains a separate bank account to ensure that funds are not commingled across the Altpoint Funds or with Altpoint's funds.

### **Item 16 – Investment Discretion**

Pursuant to a written management agreement between Altpoint and the Altpoint Funds, Altpoint has discretionary authority to manage the portfolio investments of the Altpoint Funds subject to the restrictions set forth in the partnership agreements or other governing documents of the Altpoint Funds.

### **Item 17 – Voting Client Securities**

The Securities and Exchange Commission adopted Rule 206(4)-6 under the Investment Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Altpoint does not anticipate that its investment program will result in it receiving proxies. Nevertheless, Altpoint has adopted proxy voting policies and procedures (the “**Policies**”). The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities if any (collectively, “**proxies**”), in a manner that serves the best interests of the Altpoint Funds, as determined by Altpoint in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, Altpoint may refrain from voting proxies where Altpoint believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the Altpoint Funds. A copy of the Policies and the proxy voting record relating to the Altpoint Funds is made available to investors in the Altpoint Funds upon request.

### **Item 18 - Financial Information**

#### **18A.**

Not applicable.

#### **18B.**

Altpoint is not subject to any financial condition that could be reasonably expected to materially impair its ability to meet its contractual commitments to its clients.

### **Item 19 – Requirements for State-Registered Advisers**

Not applicable.