

**INVESTMENT ADVISER BROCHURE
PART 2A OF FORM ADV**

SPC MANAGEMENT CO., INC.

**SPC Management Co., Inc.
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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of SPC Management Co., Inc. (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (908) 719-2322. 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 authority.

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

SPC Management Co., Inc. (the “**Management Company**”) is a newly-registered investment adviser, and this is its initial Brochure. For future Brochures, this page will describe any material changes made since the previous Brochure.

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ADVISORY BUSINESS

SPC Management Co., Inc. (the “**Management Company**”), the registered investment adviser, is a California S-corporation. The Management Company and its affiliated investment advisers provide discretionary investment advisory services to their clients, which consist of private investment-related funds. The Management Company commenced operations in August 1997.

The following are the registered investment advisers affiliated with the Management Company:

- Swander Pace Capital, LLC
- SPC Management II, LLC
- Swander Pace Capital III, L.P.
- Swander Pace Capital IV, L.P.

(each, a “**General Partner**” and together with the Management Company and their affiliated entities “**SPC**”)

The General Partners listed above each serve as general partner or manager, as applicable, to one or more Funds (described below) and have the authority to make investment decisions on behalf of such Funds. Each General Partner is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. The Management Company and each General Partner operate as a single investment advisory firm and are under common control.

The Management Company’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which the Management Company or its affiliates provide investment advisory services, “**Funds**”):

- Swander Pace Capital Fund, L.P.
- SPC Executive Advisers Fund, LLC
- SPC GP Fund, LLC
- SPC Associates Fund, LLC

“**Fund I**”

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- SPC Partners II, L.P.
 - SPC Advisors II, LLC
 - SPC Associates II, LLC

“**Fund II**”

- SPC Advisors III, L.P.

“Fund III”

- SPC Partners III, L.P.

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- SPC Partners IV, L.P.

“Fund IV”

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds generally invest through negotiated transactions in operating companies. SPC’s investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of SPC may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

SPC’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”) and limited partnership agreements or operating agreements (each, an “**Organizational Document**” and together with the Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds or SPC may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund’s Organizational Document.

As of December 31, 2011, SPC managed \$848,822,483 in client assets on a discretionary basis. The Management Company is principally owned by Andrew Richards and Shawn Hecht.

FEES AND COMPENSATION

The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Organizational Documents of the Funds describe fees, compensation and expenses in greater detail.

In general, each General Partner receives a management fee (the “**Management Fee**”) and a carried interest in connection with advisory services. The General Partners or other SPC entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (e.g., monitoring and other fees) of Funds. In general, such additional compensation will offset in whole or in part the management fees otherwise payable to SPC. Investors in the Funds also bear certain fund expenses, as described below. It is expected that any future Funds will have a similar fee structure.

Management Fees

During the commitment period, the Funds will generally pay SPC 2% of committed capital, and thereafter 1.75% of the aggregate investment contributions less the aggregate amount of investment contributions with respect to investments that have been disposed of or written-off.

The Management Fee commenced as of the effective date based on aggregate commitments, regardless of when a limited partner is actually admitted. Limited partners participating in a subsequent closing after the initial closing date generally will be assessed Management Fees retroactive to the effective date and, in addition, will be charged an amount equal to the product of (i) the prime rate plus 2% per annum multiplied by (ii) the amount of such assessed Management Fees, calculated from the date such Management Fee payments would have been due if such limited partner were admitted for its full commitment on the initial closing date. Any such amounts will be paid to the General Partner. The Management Fee generally will be paid from drawdowns that will reduce unfunded commitments.

Carried Interest

Each General Partner generally is entitled to receive a carried interest with respect to the Funds equal to 20% of all realized profits in excess of an 8% compound preferred return hurdle, as more fully described in the Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of life of a Fund if the respective General Partner has received excess cumulative distributions.

Other Information

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Organizational Documents, over the term of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other employees of SPC may receive a portion of the Management Fee, carried interest or other compensation received by the General Partner.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. As set forth in the Organizational Documents, each Fund will pay all other costs and expenses of a Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio company investments, including follow-on investments and refinancings), generally including legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with a Fund's financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board and meetings with any limited partner(s); insurance; (including directors and officers insurance) other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against a Fund. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” each General Partner is entitled to receive a carried interest allocation on certain realized profits of the Funds. A carried interest allocation represents an investment adviser’s compensation based on a percentage of net profits of the funds it manages. SPC also advises certain co-invest Funds that are not charged a performance based fee. Co-invest Funds are contractually obligated to invest on a *pari passu* basis alongside the Funds that do pay a performance based fee at substantially the same time and on substantially the same terms.

TYPES OF CLIENTS

SPC provides investment advice to Funds. Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of SPC and its affiliates.

The Funds generally have a minimum investment amount of \$5 million for third-party investors. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) for certain Funds, either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended. SPC may waive such minimum investment amounts and qualification requirements.

The Management Company also serves as investment manager to various co-investment vehicles which invest alongside other Funds in portfolio companies (the “**Co-Invest Funds**”). Certain affiliates and personnel of SPC and other third party investors may be permitted to participate in the Co-Invest Funds or in some cases co-invest directly in a particular portfolio company. In some cases, the Co-Invest Funds pay a management fee and investors in the Co-Invest Funds do bear certain Co-Invest Fund partnership expenses (e.g., the pro rata legal and other expenses associated with a portfolio company investment, Co-Invest Fund audit expenses etc.). SPC will select which investors are permitted to invest in the Co-Invest Funds (or directly co-invest in a particular portfolio company) based on various factors, including the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons as more fully described in the applicable Fund’s Organizational Document. SPC is not obligated to make co-investment opportunities available to any particular investors or limited partners.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

SPC pursues a strategy of investing in non-durable consumer products companies, across a wide range of consumer industries, which possess strong growth potential. SPC’s investment

strategy and process is based on the belief that value can be created in private equity investments by maintaining a specialized investment focus, being proactive in generating deal flow, performing rigorous due diligence, actively adding value to companies, leveraging synergies between portfolio companies, and selling to buyers for cash.

The following is a summary of the investment strategies and methods of analysis generally employed by SPC on behalf of the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis are included in the applicable Memorandum and other Governing Documents for each Fund. There can be no assurance that SPC will achieve the investment objectives of the Funds and a loss of investment is possible.

Investment and Operating Strategy

SPC's investment strategy is to create value by acquiring growing middle-market consumer products companies with leading market positions and definable, defensible niches across a wide range of consumer industries. SPC follows a formal process in evaluating investment opportunities that it believes leads to thorough and consistent investment decision-making:

Structured, Rigorous Process. SPC's investment decisions are made and approved by an investment committee comprised of SPC principals. Formal meetings of the entire investment staff are held at the following times during the pursuit of an investment: (i) weekly, to review investment opportunities; (ii) in advance of any submitted letters of intent; and (iii) after completion of due diligence prior to the final investment decision by the investment committee. SPC's managing directors all work closely with investment staff to evaluate investment opportunities. Each investment opportunity is analyzed and managed by a three- to five-person investment team, which consists of at least two managing directors. Each investment team creates a number of formal documents during the review process, including an investment summary, a pre-letter of intent presentation, a due diligence presentation, and an investment committee binder that summarizes all aspects of due diligence. SPC believes this structured, rigorous process leads to thorough and consistent investment decision-making.

Proactive Deal Flow Generation. SPC's sourcing strategy is focused on identifying management teams and owners of existing businesses that are seeking a partner that can add value to their companies both during the transaction and post-closing. SPC believes that it is viewed as a partner of choice among potential sellers and management teams, often leading to transactions that are negotiated outside of competitive auction processes.

Direct Sourced Transactions. SPC has developed a comprehensive and proactive deal sourcing program that includes the following major initiatives:

- A structured program for the SPC principals to devote considerable time to deal flow sourcing through an industry team approach;
- Aggressive and direct targeting of potential investment candidates;
- Active courting of senior management contacts;

- Active participation in trade shows; and
- Networking with the investment banking and business brokerage community.

Each industry team consists of two to three investment professionals who concentrate their efforts on building contacts, identifying target acquisitions, accumulating expertise, and exhausting potential acquisition opportunities within a defined sector.

Extensive Due Diligence. SPC's due diligence process involves an extensive analysis of a target company's competitive position and future outlook. Key components of SPC's due diligence process include:

- **Historical Analysis:** Details a thorough history of the target company's past performance to understand any challenges or limitations that need to be considered in the development of the company.
- **Market Position Assessment:** Determines the relative strength of the target company's current position and helps direct where future competitive advantage can be established. Given SPC's focus on acquiring companies with a definable, defensible niche, this assessment takes place early in the due diligence process to ensure a fit with SPC's investment strategy.
- **Operations Assessment:** Identifies any critical issues in manufacturing and highlights opportunities for consolidation and/or cost reduction.
- **Distribution Analysis:** Provides an assessment of the target company's distribution strength from a product line, geographic scope, and channel depth perspective.
- **Competitor Analysis:** Directs future strategies to exploit competitor limitations and helps assess the relative strength of the target company across a range of factors including cost structure, customer loyalty, and performance.
- **Management Evaluation:** Provides a combination of reference and background checks and an assessment of strengths and weaknesses to determine if any key positions need to be addressed upon closing.

SPC works with strategic third-party advisors across a wide variety of due diligence areas including accounting, information systems, legal issues, manufacturing operations, human resources practices, insurance coverage, environmental issues, and, where appropriate, food safety.

Hands-On Portfolio Company Development. Post-acquisition, SPC actively develops its portfolio companies by working with management teams to create focused revenue and profit growth strategies. SPC typically serves as the lead and control investor and is in a position to exercise control over the strategic direction and major decisions of its portfolio companies.

Portfolio Synergies. Due to its sector focus, SPC believes it frequently identifies opportunities to increase revenue and profit growth at portfolio companies through active

collaboration and partnering across the portfolio. SPC's portfolio CEOs meet annually at an executive summit session to build rapport and share specific ways to mutually create value.

Selling to Buyers for Cash. In general, SPC targets companies where internal growth and improved company performance is anticipated to lead to an exit in three to five years. SPC typically acquires companies with the expectation of exiting those companies through sales to larger, well-funded strategic or financial buyers for cash consideration. SPC's exit prospects are therefore less dependent on capital market conditions than some other private equity firms. For strategic buyers, an SPC portfolio company typically represents a relatively small, strategic add-on acquisition that can easily be financed through the buyer's balance sheet. For financial buyers, an acquisition of an SPC portfolio company generally can be completed without access to high-yield debt and represents a relatively small equity investment for the buyer.

Risks of Investment

The Funds and their investors bear the risk of loss that SPC's investment strategy entails. Although the following risk factors are generally applicable to SPC's Funds, investors should also refer to each Fund's Memorandum for risk factors specific to their Fund. The risks involved with SPC's investment strategy and an investment in the Funds include, but are not limited to:

Business Risks. A Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Investment in Junior Securities. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

Concentration of Investments. A Fund will participate in a limited number of investments and intends to make most of its investments in consumer products and consumer-related industries. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual Management Fees during the commitment period based on the entire amount of their commitments.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such

time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the respective General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including, without limitation, unfunded commitments.

Leveraged Investments. A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners.

Alternative Investment Fund Managers Directive. In November 2010, the European Union (the "EU") passed new legislation, the Alternative Investment Fund Managers Directive ("AIFMD"), that will regulate the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the EU. It is currently anticipated that the AIFMD will be implemented in stages between 2013 and 2018. From 2013, the AIFMD will impose restrictions on the management and/or marketing within the EU of funds established outside the EU, such as the Funds, which may restrict the ability of investors to realize their investments in the Funds by way of secondary sale.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. A Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Director Liability. The Funds will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which they invest. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. While portfolio companies generally obtain insurance with respect to such liability, the insurance that portfolio companies generally obtain may be insufficient to adequately protect officers and directors from such liability.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of an economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which a Fund makes investments.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in

portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

Conflicts of Interest

During the commitment period of a particular Fund, SPC will pursue all appropriate investment opportunities to invest in new portfolio companies exclusively through such Fund and its co-invest vehicles, subject to certain limited exceptions. However, SPC currently manages several investment funds and investments similar to those in which a particular Fund will be investing, and may direct certain relevant investment opportunities to such other investment fund or investments. Certain of the Funds are beyond their respective commitment periods. SPC's investment staff will continue to manage and monitor each Fund and all other investment funds and investments. SPC's significant investment in the Funds, as well as SPC's interest in the carried interest, operate to align, to some extent, the interest of SPC with the interest of the partners, although SPC has economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Such other investment funds and investments that SPC may control may compete with the Funds or companies acquired by the Funds. Following the commitment period of a particular Fund, SPC may and likely will focus its investment activities on other opportunities and areas unrelated to a Fund's investments.

From time to time, SPC will be presented with investment opportunities that would be suitable for more than one of the Funds and other investment vehicles operated by advisory affiliates of SPC. In determining which investment vehicles should participate in such investment opportunities, SPC and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. SPC attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by SPC's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among Funds and any other investment vehicles in a fair and equitable manner. Where necessary, SPC consults and receives consent to conflicts from an advisory board consisting of limited partners of the Funds and such other investment vehicles.

Because each General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for SPC to cause a Fund to make riskier or more speculative investments than would otherwise be the case.

Since SPC is permitted to retain certain supplemental fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving transactions. SPC attempts to resolve such conflict by offsetting the Management Fee by a portion of such supplemental fees.

DISCIPLINARY INFORMATION

SPC and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under "Advisory Business" above, the Management Company is affiliated with the following General Partners registered as investment advisers under the Advisers Act in accordance with SEC guidance:

- Swander Pace Capital, LLC (the general partner or manager of Fund I)
- SPC Management II, LLC (the general partner or manager of Fund II)
- Swander Pace Capital, III, L.P. (the general partner of Fund III)
- Swander Pace Capital IV, L.P. (the general partner of Fund IV)

These affiliated investment advisers serve as general partners of Funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

SPC has adopted a Code of Ethics and Securities Trading Policy (the "**Code**"), which sets forth standards of conduct that are expected of SPC principals and employees and addresses conflicts that arise from personal trading. The Code requires SPC personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to Heather Fraser, the Chief Compliance Officer of SPC, at (908) 719-2322. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

SPC and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, SPC and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of SPC.

Accordingly, should SPC or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, SPC would be prohibited from communicating such information to clients, and SPC will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of SPC personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of SPC and its affiliates may directly or indirectly own an interest in the Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

The Funds may invest together with other private investment funds advised by an affiliated adviser of SPC in the manner set forth in the Organizational Document. SPC will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and the SPC investment allocation policy.

SPC and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

BROKERAGE PRACTICES

SPC focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, SPC may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although SPC does not intend to engage regularly in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If SPC sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by SPC. In such event, SPC will seek to select brokers on the basis of best price and execution capability. In selecting a

broker to execute client transactions, SPC may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

SPC has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients.

Consistent with SPC seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although SPC generally does not make use of such services at the current time and has not made use of such services since its inception. To the extent that SPC allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

SPC does not anticipate engaging in significant public securities transactions; however, to the extent that SPC engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. From time to time, SPC may purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of SPC is favored over any other Fund.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, SPC closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

SPC will generally provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year,

(iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company semi-annually.

CLIENT REFERRALS AND OTHER COMPENSATION

SPC and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Governing Documents, part of this compensation may, in many cases, offset a portion of the Management Fees paid by a Fund. However, in other cases, these fees may be in addition to Management Fees. SPC or certain of its affiliates may have the right to receive certain non-investment advisory fees in connection with the Funds' investments and portfolio companies. For example, SPC may be entitled to receive (i) certain professional services or related fees from a portfolio company in connection with certain transactions and (ii) certain monitoring or consulting fees from a portfolio company for services provided to the portfolio company. 50% of such fees are generally offset against the Management Fee.

From time to time, SPC may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund.

CUSTODY

As required by the Advisers Act, SPC has established an account with the following qualified custodians to hold funds and securities on behalf of the Funds: Merrill Lynch and Silicon Valley Bank.

INVESTMENT DISCRETION

SPC has discretionary authority to manage investments on behalf of the Funds. As a general policy, SPC does not allow clients to place limitations on this authority. Pursuant to the terms of the Organizational Documents, however, SPC may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied. SPC assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

VOTING CLIENT SECURITIES

SPC has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that SPC votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. SPC generally believes its interests are aligned with those of a Fund's investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that SPC may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's

advisory board may approve SPC's vote in a particular solicitation. SPC does not consider service on portfolio company boards by SPC personnel or SPC's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by SPC when voting proxies on behalf of a Fund. If you would like a copy of SPC's complete Proxy Policy or information regarding how SPC voted proxies for particular portfolio companies, please contact Heather Fraser, the Chief Compliance Officer of SPC, at (908) 719-2322, and it will be provided to clients at no charge.

FINANCIAL INFORMATION

SPC does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.