

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

NAUTIC PARTNERS, LLC

**Nautic Partners, LLC
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February 14, 2012

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Nautic Partners, LLC (“Nautic Partners”). If you have any questions about the contents of this Brochure, please contact us at (401) 278-6770. 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.

Nautic Partners 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 Nautic Partners is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Nautic Partners, LLC (“**Nautic Partners**”) 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

Nautic Partners, LLC (the “**Nautic Partners**”), the registered investment adviser, is a Delaware limited liability company. Nautic Partners commenced operations in June, 2000. The following investment advisers are affiliated with Nautic Partners:

- Silverado Fund Partners, LLC
- Silverado III, L.P.
- Silverado IV Corp.
- Silverado V Corp.
- Chisholm Management IV, L.P.
- Nautic Management V, L.P.
- Nautic Management VI AIV, L.P.
- Nautic Management VI, L.P.
- Nautic Management, LLC

(each, a “**General Partner**” and together with Nautic Partners and their affiliated entities “**Nautic**”)

Each General Partner is registered under the Advisers Act pursuant to Nautic Partners’ registration in accordance with SEC guidance. Nautic Partners and each General Partner operate as a single investment advisory firm and are all under common control. The General Partners listed above each serve as general partner to one or more Funds (as defined below) and have the authority to make investment decisions on behalf of such Funds. Nautic Partners does not directly have discretionary investment authority over any Fund, but does provide certain non-discretionary investment advice to the General Partners. The General Partners make all investment decisions on behalf of their respective Funds. Nautic Partners employs all Nautic personnel but does not directly receive advisory fees.

Nautic provides discretionary investment advisory services to their clients, which consist of private investment-related funds. Nautic’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which Nautic provides investment advisory services, “**Funds**”):

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- Fleet Equity Partners V, L.P.
 - Fleet Equity Partners VI, L.P.
 - Fleet Equity Partners VII, L.P.
-

“**Fleet Funds**”

<ul style="list-style-type: none"> • Kennedy Plaza Partners • Kennedy Plaza Partners II, LLC • Kennedy Plaza Partners III, LLC • Kennedy Plaza Partners VI, L.P. 	“Kennedy Plaza Funds”
<ul style="list-style-type: none"> • PEP Nautic Co-Investment Holdings LLC 	“PEP Side-Car”
<ul style="list-style-type: none"> • Chisholm Fund Partners, L.P. 	“Chisholm Fund”
<ul style="list-style-type: none"> • Chisholm Partners III, L.P. 	“Chisholm III”
<ul style="list-style-type: none"> • Chisholm Partners IV, L.P. 	“Chisholm IV”
<ul style="list-style-type: none"> • Nautic Partners V, L.P. 	“Fund V”
<ul style="list-style-type: none"> • Nautic Partners VI, L.P. • Nautic Partners VI-A, L.P. • Nautic Partners VI AIV - No. 1, L.P. • Nautic Partners VI-A AIV - No. 1, L.P. 	“Fund VI”

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. Nautic’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 Nautic may serve on such portfolio companies’ respective boards of directors or similar governing body, or otherwise act to influence control over management of portfolio companies held by the Funds.

Nautic’s advisory services for each Fund are detailed in such Fund’s offering memorandum (each, a “**Memorandum**”) and limited partnership agreement (each, a “**Limited Partnership Agreement**” and together with the Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Fund investors 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 or for any reason agreed upon by such investor and the applicable General Partner. The Funds or Nautic have entered, and may in the future 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 Limited Partnership Agreement.

As of December 31, 2011, Nautic managed \$1.437 billion in client assets on a discretionary basis. Nautic Partners is managed by Habib Y. Gorgi, Bernard V. Buonanno, III and Scott F. Hilinski. There are no principal owners of Nautic Partners.

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 Limited Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

In general, each General Partner receives a management fee and a carried interest for the advisory services it provides to clients. The General Partners or other Nautic 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 and a portion of such additional compensation may offset in whole or in part the management fees otherwise payable to Nautic. Investors in the Funds also bear certain fund expenses, as described below.

Management Fees

The following generally describes the typical fee structure of the Funds, but investors should refer to each Fund's Limited Partnership Agreement as there are variations among each Fund's terms. During the commitment period of a particular Fund, such Fund generally will pay its General Partner an annual management fee (the "**Management Fee**"), payable for semi-annual periods partially in advance and partially in arrears, equal to 2% of aggregate commitments. Commencing with the first Management Fee due date after the expiration of the commitment period or earlier upon the occurrence of certain events as set forth in the applicable Limited Partnership Agreement, the Management Fee will generally equal 1.65% of (i) the aggregate funded commitments, less (ii) distributions constituting returns of capital and write downs. In addition, the Management Fee for a Fund generally will be reduced by 80% of: (i) any directors' fees, financial consulting fees or advisory fees earned by the applicable General Partner from portfolio companies; (ii) any transaction fees paid by portfolio companies to the applicable General Partner; and (iii) any break-up fees from transactions not completed that are paid to the applicable General Partner, in each case reduced by the unreimbursed expenses in generating such fees. With respect to Fund VI, the General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment shall reduce the amount of capital contributions a General Partner and its affiliates would otherwise be required to contribute after the date such waived amount would otherwise be due.

The Management Fee of a Fund will commence as of the effective date based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Carried Interest

In general, each General Partner generally will be entitled to receive a carried interest with respect to the Funds equal to 20% of all realized profits subject to an annually compounded preferred return and related General Partner catch-up, as more fully described in the applicable Limited Partnership Agreements. The carried interest distributed to a General Partner is subject to a potential giveback at the end of the life of a Fund if the respective General Partner has received excess cumulative distributions.

Other Information

Nautic generally has the right to exempt certain investors in Funds from payment of all or a portion of Management Fees and/or carried interest, but historically has not done so. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Nautic and/or its affiliates, or through other Funds which co-invest with the relevant investor's Fund.

Each Fund generally invests on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Limited Partnership Agreement, over the term of a Fund and investors generally are not permitted to withdraw or redeem interests in a Fund.

The principals or other employees of Nautic 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. With the exception of the Kennedy Plaza Funds and the Fleet Funds, as set forth in the applicable Limited Partnership Agreements, each Fund generally will pay all other costs and expenses of a Fund that are not reimbursed by portfolio companies, 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 boards and annual meetings of the limited partners; 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," the General Partners generally receive a carried interest allocation on certain realized profits in the applicable Funds. A carried interest allocation represents an investment adviser's compensation based on a percentage of net profits of the Funds it manages. Nautic also advises certain funds or vehicles that are not charged a performance based fee (*e.g.*, the Kennedy Plaza Funds whose investors consist of Nautic personnel, family and friends). Nautic does not believe this arrangement poses a conflict of interest in practice because the Kennedy Plaza Funds

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 as such Funds and dispose of such investments in a similar manner.

For third-party co-invest vehicles that do not pay a performance based fee, Nautic has adopted certain allocation policies and procedures to address this potential conflict of interest in accordance with the applicable Limited Partnership Agreements. Nautic's general policy is to allocate investment opportunities to the main Funds first (including the Kennedy Plaza Funds) and then permit certain third-party co-invest vehicles to participate in a particular investment opportunity if there is excess capacity in such investment. In addition, such third-party co-invest vehicles generally make investments alongside and at the same time as the main Funds on substantially the same terms and conditions.

TYPES OF CLIENTS

Nautic 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 Nautic and its affiliates.

The Funds generally have a minimum investment amount of \$10 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. Nautic may waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Each recent Fund generally pursues lower-middle and middle market private equity investments in a variety of growth, consolidation, and buy-out investment opportunities, primarily in business services, manufacturing, and healthcare companies.

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

Investment and Operating Strategy

Nautic seeks to make equity investments of \$25 million - \$75 million in a variety of growth, consolidation, and buyout opportunities of North American lower-middle and middle market companies with EBITDA between \$10 million and \$30 million. The key components of Nautic's investment strategy include: (i) advantaged sourcing of proven lower-middle and middle market businesses through Nautic's proprietary networks and deal origination infrastructure; (ii) differentiated market insight and domain expertise through Nautic's sector specialization; (iii) enhanced deal evaluation and investment execution; (iv) a longstanding reputation as a "partner of choice" for sellers and management teams; and (v) active post-investment value creation through Nautic's hands-on investment approach that involves a combination of dedicated internal and externally sourced resources.

Advantaged Sourcing

With over 150 years of combined private equity investment experience as of December 31, 2011, Nautic's investment professionals have developed an extensive network of both personal and professional relationships throughout the private equity and business communities. In addition, Nautic's dedicated Deal Origination team augments its longstanding relationships by formalizing Nautic's proactive business development initiatives to new and existing relationships.

Differentiated Market Insight and Domain Expertise

Nautic has a long history of focusing on certain segments of the economy that have consistently provided opportunities to achieve superior investment returns. Nautic is focused on three key sectors: (i) business services; (ii) manufacturing; and (iii) healthcare. Nautic believes that these sectors are narrow enough to provide a competitive advantage due to acquired knowledge and accumulated relationships, yet broad enough to generate attractive investment opportunities throughout various economic and industry cycles. Understanding a sector results in a more thorough and efficient due diligence process that focuses on the critical success drivers of a target business and allows Nautic to identify and implement measures to grow earnings and improve a business shortly after acquisition. In addition, Nautic believes that sector knowledge is essential to Nautic's ability to generate a stronger bond with a management team, as the investment professionals are able not only to recognize the merits of a business plan, but also to intelligently critique it. Finally, Nautic believes that pricing discipline is a direct result of sector specialization, as the recognition of appropriate risk/reward parameters in a target investment drives proper valuation.

Nautic seeks to balance allocating assets and resources to those targeted sectors that provide the most attractive investment opportunities at the time with maintaining a balanced portfolio. Nautic's long investing track record within its targeted sectors provides it the flexibility to thoroughly examine investment opportunities that may cross sectors, and apply expertise gained from one sector to relevant situations within another. In addition, there are constant internal discussions through Nautic's weekly deal review involving all investment professionals, and monthly Managing Director meetings to

ensure that the appropriate mix of personnel will be available and able to execute and manage a given investment.

Enhanced Deal Evaluation and Investment Processes

Nautic has consistently targeted high quality, lower-middle and middle-market companies that are niche businesses with strong market share and growth potential, in addition to having identified value enhancement opportunities and strong management teams. Nautic believes that a key to generating superior returns is making the right investment decision. One of the cornerstones of Nautic's operating model is a rigorous due diligence process that includes dedicated internal resources supplemented by extensive use of external resources.

In 2004, Nautic established a unique dedicated Business Diligence & Strategy (the "**BDS Group**") group to further enhance its investment process and bolster Nautic's market and customer focused due diligence. The BDS Group currently includes four full time professionals and spends approximately 50% of its time dedicated to providing Nautic with higher quality and more timely market and business analysis. The BDS Group works in tandem with Nautic deal teams in the evaluation and execution of a transaction. Nautic believes this results in superior underwriting and more informed decision making. The remainder of the BDS Group's time is committed to Nautic's portfolio companies on specific initiatives as part of Nautic's post-investment value creation activities (see "**Post-Investment Value Creation**"). The efforts of the BDS Group are augmented by a proprietary database of approximately 250 outside consultants with varied functional and industry expertise that leverage the BDS Group on specific diligence and portfolio company projects.

Longstanding Reputation as a "Partner of Choice"

Nautic's mission is to achieve superior investment returns while preserving the strong culture that makes Nautic attractive to the firm's key constituents. Since Nautic's inception, the Managing Directors have worked to instill and maintain a firm-wide culture in which each Nautic professional approaches all personal interactions, both internally and externally, with integrity, humility, mutual respect, and a sense of teamwork. Members of the firm are responsible for maximizing their contribution to Nautic, but not at the expense of others. Nautic understands that its reputation as a highly-desirable business partner is based on upholding Nautic's values, and that the culture of the firm represents a critical element of Nautic's continued success.

Many business owners and management teams exercise great influence over the sale process, and price is not always the sole determinant in choosing a buyer for their company. For these types of sellers and their management teams, integrity, credibility, flexibility, and compatibility of philosophy and objectives can be more important than transaction-related skills. Nautic has developed a culture and organizational temperament to address such situations and has a history of building successful long-term relationships with business owners and management teams.

The Managing Directors actively attempt to market Nautic and its business-partner track record during the transaction process, as they believe this is one of Nautic's key differentiators. Nautic attempts to spend as much time with the management of a

target company as possible in order to demonstrate Nautic's experience and longstanding values.

Active Post-Investment Value Creation

Nautic believes that its post-investment, value-added activities have and will continue to be a critical component of Nautic's success. While Nautic seeks to invest in companies with strong management and empowers these teams to continue operating their businesses, Nautic uses a wide range of resources to complement management in creating value:

- Heavy involvement of the deal teams on the Board of a portfolio company
- The BDS Group
- Nautic's Operating Group
- Specialized 3rd party resources from Nautic's extensive and growing database.

These resources are made available to portfolio companies, but not forced on management. High priority initiatives for Nautic support are collectively determined, but only with management buy-in. Examples of Nautic's post-investment, value-added activities include: (i) augmenting and upgrading management teams; (ii) engaging advisors and outside board members, as appropriate; (iii) working with company management to refocus or refine a portfolio company's operating strategy, when necessary; (iv) direct support of specific operational challenges or growth initiatives; and (v) identifying and facilitating accretive add-on acquisitions

Individuals at portfolio companies are able to leverage the deal team members experience largely in the areas of strategy, acquisitions, management changes and capital markets. The BDS Group supports management by applying robust analytical, research and process capabilities to targeted portfolio initiatives. The experience and background of the BDS Group team is comparable to leading strategy consulting firms. Most portfolio companies lack the internal staff or the relationships to access external resources to accomplish these initiatives on their own. Nautic provides access to the six experienced executives in its Operating Group who have longstanding relationships with Nautic and provide a differentiated perspective to portfolio companies where they get involved. Each of Nautic's Operating Group members has unique industry or functional experience or skills that are matched to fit each specific portfolio company situation.

Risks of Investment

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

Business Risks. Each 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.

Future and Past Performance. The performance of Nautic's prior investments is not necessarily indicative of a Fund's future results. While Nautic intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal is possible.

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 an investment once made.

Concentration of Investments. A Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. 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. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. 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, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will 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 General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital.

Leveraged Investments. A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of a Fund's investment in such portfolio company. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. Leverage often 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 the 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 the Fund.

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

Reliance on the General Partner and Portfolio Company Management. Control over the operation of the Funds will be vested entirely with the General Partner, and the Funds' future profitability will depend largely upon the business and investment acumen of Nautic. The loss of service of one or more of the principals of Nautic could have an adverse effect on the Funds' ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend entirely on the actions of the General Partner. Although the General Partners will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

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 a 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 or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized 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 foreign tax rules to cross-border investments, possible imposition of

foreign taxes on a Fund and/or the partners with respect to a Fund's income, and possible foreign tax return filing requirements for a Fund and/or the partners.

Dilution. Limited partners admitted to a Fund at subsequent closings will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

Director Liability. The Funds will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

Conflicts of Interest

During the commitment period of the current active Fund, Nautic will pursue all appropriate investment opportunities exclusively through the current active Fund, subject to certain exceptions. However, Nautic currently manages several other investment funds and investments similar to those in which the current active Fund will be investing, and may direct certain relevant investment opportunities to those investment funds and investments. Nautic's investment staff will continue to manage and monitor such investment funds and investments. Nautic's significant investment in the Funds, as well as Nautic's interest in the carried interest, operate to align, to some extent, the interest of Nautic with the interest of the partners, although Nautic has economic interests in such other investment funds and investments as well and receives management fees and carried interests relating to these interests. Following the commitment period of a particular Fund, Nautic may focus its investment activities on other opportunities and areas unrelated to a Fund's investments.

In rare instances (*e.g.*, when Nautic is advising two Funds that are actively investing at the same time, typically at the end of one Fund's investment period and the beginning of another Fund's investment period), Nautic may be presented with investment opportunities that would be suitable for more than one of the Funds and other investment vehicles operated by Nautic. In determining which investment vehicles should participate in such investment opportunities, Nautic and its affiliates may be subject to conflicts of interest among the investors in such investment vehicles. Nautic attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Nautic's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among Funds in a fair and equitable manner. Where necessary, Nautic consults and receives consent to conflicts from an advisory board consisting of limited partners of each applicable Fund and, if applicable, the similar body of such other applicable investment vehicles.

The General Partners serve as investment manager to various co-investment vehicles, including the Kennedy Plaza Funds, which invest alongside the Funds in portfolio companies (the “**Co-Invest Funds**”). The Kennedy Plaza Funds, in which friends and family of Nautic personnel invest, do not pay a management fee or carried interest and invest side-by-side with the applicable Funds. Other Co-Invest Funds, in which third parties invest (the “**External Co-Invest Funds**”), may pay a management fee and carried interest, and may bear certain Co-Invest Fund partnership expenses (*e.g.*, the pro rata legal and other expenses associated with a portfolio company investment, audit expenses etc.). Nautic will select which investors are permitted to invest in the External Co-Invest Funds. In addition, Nautic will select which investors may be permitted to co-invest directly in a portfolio company based on various factors, which may include 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 Limited Partnership Agreements. Nautic is not obligated to make co-investment opportunities available to any particular investors or limited partners.

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

DISCIPLINARY INFORMATION

Nautic 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, Nautic Partners is affiliated with the following General Partners registered as investment advisers under the Advisers Act in accordance with SEC guidance:

- Nautic Management V, L.P. (general partner of Nautic Partners V, L.P. and manager of Kennedy Plaza Partners III, LLC)
- Nautic Management VI AIV, L.P. (general partner of Nautic Partners VI AIV - No. 1, L.P. and Nautic Partners VI-A AIV - No. 1, L.P.)
- Nautic Management VI, L.P. (manager of Kennedy Plaza Partners VI, L.P., and general partner of Nautic Partners VI, L.P. and Nautic Partners VI-A, L.P.)
- Silverado III, L.P. (general partner of Chisholm Partners III, L.P.)
- Silverado IV Corp. (general partner of Fleet Equity Partners VI, L.P.)
- Silverado V Corp. (general partner of Fleet Equity Partners VII, L.P.)

- Chisholm Management IV, L.P. (general partner of Chisholm Partners IV, L.P. and the manager of Kennedy Plaza Partners II, LLC)
- Silverado Fund Partners, LLC (general partner of Chisholm Fund Partners, L.P.)
- Nautic Management, LLC (manager of PEP Side-Car)

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

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

- report their personal securities holdings and 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 Michael Joe, the Chief Compliance Officer, at (401) 278-6770. Personal securities transactions by Nautic personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Nautic and its affiliated persons may come into possession, from time to time, of material nonpublic 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, Nautic 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 Nautic.

Accordingly, should Nautic or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Nautic would be prohibited from communicating such information to clients, and Nautic 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 Nautic personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Nautic and its affiliates may directly or indirectly own an interest in the Funds.

The Funds may invest together with other private investment funds advised by an affiliated adviser of Nautic in the manner set forth in the Limited Partnership Agreement. Nautic 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 Nautic investment allocation policy.

Nautic 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

Nautic 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. Nautic 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 Nautic does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

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

Nautic 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. Although Nautic generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Nautic seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Nautic generally does not make use of such services at the current time

and has not made use of such services since its inception. As a general matter, research provided by these brokers would be used to service all of Nautic's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Nautic, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Nautic 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.

Nautic does not anticipate engaging in significant public securities transactions; however, to the extent that Nautic 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. To the extent that orders for any Funds are completed independently, Nautic may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Nautic may, but is not obligated to, 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.

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. 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, Nautic closely monitors companies in which the Funds invest. In addition, the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

Other than with respect to the Kennedy Plaza Funds and the Fleet Legacy Funds, as specified in the respective Limited Partnership Agreements, Nautic 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 and (iii) annual tax information necessary for each partner's U.S. tax returns.

Client Referrals and Other Compensation

Nautic 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, this compensation may, in certain circumstances, offset a portion of the Management Fees paid by a Fund. However, in other cases, these fees are in addition to Management Fees. Nautic 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, Nautic or certain of its affiliates may be entitled to receive (i) certain professional services or related fees from a portfolio company in connection with certain transactions ("Professional Service Fees") and (ii) certain monitoring or consulting fees from a portfolio company for services provided to the portfolio company. A certain percentage of such fees are generally offset against the Management Fee.

From time to time, Nautic 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, Nautic has established an account with the following qualified custodians to hold funds and securities on behalf of the Funds: Bank of America Corporation, Merrill Lynch and UBS Securities.

Investment Discretion

Nautic has discretionary authority to manage investments on behalf of the Funds. As a general policy, Nautic does not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, Nautic 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, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other agreed upon reasons Nautic assumes this discretionary authority pursuant to the terms of the Governing Documents.

Voting Client Securities

Nautic has adopted the 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 Nautic votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Nautic 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 Nautic 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 Nautic's vote in a particular solicitation. Nautic does not consider service on portfolio company boards by Nautic personnel or Nautic'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 Nautic when voting proxies on behalf of a Fund. If you would like a copy of Nautic's complete Proxy Policy or information regarding how Nautic voted proxies for particular portfolio companies, please contact Michael Joe, the Chief Compliance Officer, at (401) 278-6770, and it will be provided to clients at no charge.

Financial Information

Nautic 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.