

Item 1 – Cover Page

**ADV Part 2 A and B: FIRM BROCHURE**

**Valor Equity Partners**

200 S. Michigan Avenue,

Suite 1020

Chicago, IL 60604

(312) 683-1900

[www.valorep.com](http://www.valorep.com)

March 30, 2012

This Brochure provides information about the qualifications and business practices of Valor Equity Partners. If you have any questions about the contents of this Brochure, please contact us at (312) 683-1900. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Valor Equity Partners is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## Item 2 – Material Changes

On July 28, 2010, the U.S. Securities and Exchange Commission voted unanimously to adopt amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act of 1940 (the “Advisers Act”). The amendments are designed to require a registered investment adviser to provide clients with a clearly written and meaningful disclosure, in plain English, about the adviser’s business practices, conflicts of interest and advisory personnel. The new Form ADV 2 is divided into two parts, Part 2A and Part 2B.

Part 2A of the new Form (the “Brochure”) provides information about a variety of topics relating to an adviser’s business practices and conflicts of interest. Part 2B of the new Form (the “Brochure Supplement”) requires an adviser to provide information about certain advisory personnel.

Valor Equity Partners believes that communication and transparency are of the utmost importance and continually strives to provide limited partners with complete and accurate information at all times. Valor Equity Partners encourages all current and prospective limited partners to read this Brochure and to discuss any questions that may arise.

This is Valor Equity Partners’ initial filing of the Brochure under the new rules. In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. Valor Equity Partners will also reference the date of its last annual update of its Brochure. Pursuant to new SEC Rules, Valor Equity Partners will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Firm’s fiscal year. The Firm may further provide other ongoing disclosure information about material changes as necessary and without charge.

Currently, Valor Equity Partners’ Brochure may be requested by contacting the Compliance Department at (312) 683-1900. The Brochure is also available free of charge from the SEC’s Investment Adviser’s Public Disclosure Website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). The SEC’s website also provides information about any persons affiliated with Valor Equity Partners who are registered as investment adviser representatives of Valor Equity Partners.

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## **Item 4 – Advisory Business**

### **Firm Description**

Valor Equity Partners is an operationally focused private equity firm investing in the lower middle market. Valor Management Corp. (“Valor”), the Firm’s investment management company, is registered with the SEC as an investment adviser. Valor’s investment strategy is to invest in companies that have an excellent possibility of increasing cash flow and multiple expansion with guidance and support. Valor has been in business since 2001 and has deployed this strategy in 16 portfolio company investments over the past 11 years. The Firm currently manages three funds (collectively referred to herein as the “Funds”): Valor Equity Partners, L.P. (“Fund I”), Valor Equity Partners II L.P. (“Valor II”) and Valor Equity Partners II-A L.P. (“Valor II-A” and together with Valor II, “Fund II”) as well as three co-investment vehicles. As of December 31, 2011, Valor had regulatory assets under management of \$374 million, all of it managed on a discretionary basis.

### **Principal Owners**

Valor is wholly owned by Antonio J. Gracias.

## **Item 5 – Fees and Compensation**

The Funds pay Valor a management fee based on the limited partners’ committed capital. Generally, Valor charges an annual management fee of 2% of such committed capital, payable in advance at the beginning of each quarter. The management fee is reduced by 50% of certain fees Valor may receive from portfolio companies. Valor may elect to waive a portion of the management fee in exchange for a reduction in members of the general partners’ capital contribution. The Funds obtain funds for paying such management fee by including such amounts in limited partners’ capital contributions. The specific fees charged by Valor are described in the relevant private placement memorandum of each Fund and in each limited partner’s written agreement with Valor.

The Funds are responsible for the payment of organizational and start-up expenses in amounts up to \$0.3 million and \$1.0 million for Funds I and II, respectively. In addition, the Funds are responsible for certain ongoing expenses, including legal, auditing, tax return preparation, annual meetings of the limited partners, and other expenses, as further detailed in the relevant private placement memorandum of the respective Fund.

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

The general partners of the Funds are entitled to a performance-based fee, known as a carried interest distribution. Carried interest distributions are subject to claw-backs to the extent that the general partner is paid in excess of its entitled distribution. This distribution structure is described in detail in each Fund's private placement memorandum and in the limited partnership agreement entered into with each investor. These performance fee arrangements have been structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940 in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Valor's management fees, carried interest allocations, performances fees and other compensation payable to Valor and its Funds' general partners are established by Valor at the time of the establishment of the relevant vehicle and negotiated with participating investors prior to making their investment. Once the relevant Fund has been established and commenced operations, such compensation and expenses are generally not negotiable, although from time to time, Valor or its related entities may enter into agreements or other arrangements with specific investors in its Funds whereby such investors receive a reduction of fees or compensation otherwise payable.

Because limited partners are only charged a management fee and performance-based fee, and not another type of fee such as an hourly or flat fee or asset-based fee, Valor faces no conflict of interest in favoring performance-based fee accounts over other types of accounts.

## **Item 7 – Types of Clients**

Valor provides portfolio management services to its private fund clients, the Valor Funds. The Funds limit their respective investors to persons who are both "accredited investors" as defined in the Securities Act of 1933 and "qualified purchasers" as defined in the Investment Advisers Act of 1940. The minimum contribution for a limited partner in Fund I was \$500,000, but commitments less than \$500,000 were also accepted at the discretion of the Fund's general partner. The minimum contribution for a limited partner in Fund II was \$5 million, but commitments less than \$5 million were also accepted at the discretion of the Fund's general partner. The Funds are no longer accepting new commitments from investors.

Investors in Valor's Funds include a broad range of U.S. and non-U.S. investors, including, among others, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trust programs, foreign funds and other U.S. institutions. In addition, employees and other persons associated with Valor and/or its affiliates are investors in the Funds.

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

### Strategy

Valor has been in business operating as a private equity fund since 2001, focusing on investing in companies that have an excellent possibility of increasing cash flow and multiple expansion with guidance and support.

### Unique Investment Approach

The Firm first identifies markets that it believes exhibit attractive long-term demand dynamics and the potential for high returns on capital. Within these markets, Valor generally targets value-oriented investments by focusing on companies that it believes have sustainable revenues derived from a strategic or niche market position, but present complex, difficult due diligence issues and face constraints to revenue growth, profitability improvements, and enhanced returns on capital that limit their development into larger-market growth companies. Such constraints typically involve inadequate strategic planning, expansion capital, marketing infrastructure, process improvement techniques, information systems, and/or human resource infrastructure. The Firm works with management first to solve the diligence issues and then to remove the potential constraints.

Valor's unique investment approach combines the disciplines of value investing with operational activism. The Firm identifies market segments and industries that it believes exhibit positive long-term demand dynamics that will support stable revenues from existing business lines, potential revenue and earnings growth, and attractive return on capital. After identifying a suitable target, Valor performs extensive, detailed due diligence to confirm information on which valuation decisions are based, to validate the investment thesis regarding the company's addressable constraints to growth, and to begin developing a migration plan. The due diligence process ties directly to valuations and Valor's pricing discipline.

### Macro Market Investment Selection Strategy

Valor employs a macro top-down approach to identify market segments and industries where it believes long-term demand dynamics provide a favorable environment for building growth companies with sustainable, leading niche positions and superior returns on capital. The Firm may spend several years developing market segment ideas before making an investment. Valor generates these ideas through internal original research, external original research, and the significant deal flow it sees through its extensive relationships.

Finding stable or growing market segments where an investment can develop a growing and defensible market position is an important element of its strategy. After investing the time, resources and capital to prepare a company to grow, it is critical that the business be positioned into

a fertile market segment. Excellent market selection increases the probability of maximizing the value creation potential of an investment.

#### Micro Value Investment Selection Strategy

The Firm employs a disciplined bottom-up fundamental approach to identifying excellent value investment opportunities. Valor targets companies in the lower middle market with complex, addressable due diligence; operational and strategic constraints to growth; and the potential for enhanced returns on capital. Simultaneously, the Firm's traditional value-oriented pricing discipline lowers the downside risk of an investment. Valor's valuation methodology requires that a base case transaction analysis generate attractive internal rates of return over a five-year period, assuming highly achievable changes in growth, margin improvement, or multiple expansion upon exit. Employing a successful migration process in such an environment is designed to drive above-market returns. By melding value and operational expertise in one investment, Valor seeks to create an investment opportunity with mitigated downside risk and excellent return potential.

#### **Risk Factors**

No investment is free of risk. Current and prospective Valor limited partners are cautioned that investments in securities involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear these risks. All investors should be aware of certain risk factors, which include, but are not limited to, the following:

- Business Risks: Each Fund's investment portfolio consists 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 the Funds' and members of the Valor team's prior investments are not necessarily indicative of any Fund's future results. While Valor intends for its Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.
- Investment in Junior Securities: The securities in which each Fund invests 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: Each 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, the investment portfolio of a particular Fund could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.

- Lack of Sufficient Investment Opportunities: It is possible that a Fund may 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. Limited partners, however, are required to pay annual management fees during each Fund's investment period based on the entire amount of such partner's commitments.
- Illiquidity; Lack of Current Distributions: An investment in any 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 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 each Fund (including the annual management fee payable to its general partner) may exceed income, thereby requiring that the difference be paid from such Fund's capital.
- Leveraged Investments: The Funds may make use of leverage by incurring or having one of its portfolio companies incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both each Fund's opportunities for gain and its risk of loss from a particular investment. The use of leverage by each Fund itself will also result in interest expense and other costs to such Fund that may not be covered by distribution made to such Fund or appreciation of its investments. 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 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 each Fund's investments to deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates could accelerate and magnify declines in the value of a 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, the companies in which a Fund will invest generally will not be rated by a credit agency.
- Focus on Lower Middle Market Investments: The Funds make investments principally in lower middle market companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in



value at any stage. There is no assurance that such investments by any Fund will be successful.

- Limited Transferability of Fund Interests: There will be no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of any Fund interests under each Fund's partnership agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.
- Public Company Holdings: A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including Valor's principals, and increased costs associated with each of the aforementioned risks.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, Valor is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of Valor or the integrity of Valor's management. No events have occurred at Valor that are applicable to this Item.

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

Valor is not actively engaged in a business other than giving investment advice to its clients (the Funds) and managing the portfolio companies owned by its Funds. Neither Valor nor any of its management persons are registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or associated person of the foregoing, and Valor does not anticipate such affiliations in the future.

Valor has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or its investors.

Valor has and will continue to develop professional relationships with professionals who provide services it does not provide, including: legal, accounting, banking, tax preparation, insurance brokerage, investment management services and other personal services.

From time to time, Valor receives training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will Valor accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

As fiduciaries, Valor and its employees have certain legal obligations to put clients' interest ahead of their own. Valor has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each Valor employee is required to acknowledge this code in writing and agree to be bound by it.

Valor's code of ethics covers, among other things, standards of business conduct, confidentiality of client information, personal securities transactions, insider trading, social media policies, political contribution policies, restrictions on accepting and giving of significant gifts, and reporting of certain gifts and business entertainment items.

In rare cases, Valor's business may provide Valor and its employees with access to material nonpublic ("insider") information. The code of ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Some Valor employees are also investors in the Valor Funds. However, because of the nature of its business, the participation of Valor employees in the Funds will not interfere with making or implementing decisions in the best interest of limited partners. Employee limited partners share in the same deals as other limited partners of the Funds, share costs with other limited partners proportionally and receive distributions based on their pro rata commitment to the Fund making such distribution.

It is Valor's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. Valor will also not cause clients to enter into securities trades with each other without first obtaining the relevant advisory board and/or limited partner approval. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction

where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Neither of these circumstances applies to Valor.

Valor will provide a copy of its code of ethics to any existing or prospective limited partner upon request to its Chief Compliance Officer, Jon Shulkin, at (312) 683-1900.

### **Conflicts of Interest**

The offering documents for each Fund disclose a complete description of what Valor believes to be the most significant conflict of interest associated with an investment in any Valor Fund. Some of these conflicts are summarized below, however, this summary does not attempt to describe all of the conflicts of interest associated with any investment in the Funds. Investors should carefully consider the conflicts of interest herein as well as in Valor's offering documents prior to investing in a Fund.

Investors should note that there could be occasions when Valor and its affiliates may encounter potential conflicts of interest in connection with a Fund. If any matter arises that Valor determines in its good faith constitutes an actual conflict of interest, Valor may take such actions as may be necessary or appropriate, within the context of such Fund's limited partnership agreement, to ameliorate the conflict. These actions may include disposing of the asset giving rise to the conflict, bringing the matter before Valor's advisory board or appointing an independent fiduciary.

Valor will pursue all appropriate investment opportunities exclusively through its Fund vehicles, subject to certain limited exceptions. Valor and its investment staff will continue to manage and monitor such investment funds and investments. The investments of Valor principals in each Fund as well as their interest in the carried interest, operate to align, to some extent, the interest of Valor with the interest of its partners.

As discussed above, certain Valor principals and employees are also investors in the Funds. However, because of the nature of its business, the participation of Valor employees in the Funds will not interfere with the making or implementing of decisions that are in the best interest of limited partners. Employee limited partners share in the same deals as other limited partners of the Funds and receive distributions based on their pro rata commitment to the Fund.

Valor employees may serve on the boards of Fund portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Fund, in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned. Any directors' fees employees may receive for serving on such boards must be turned over to the general partner of the Fund, who shares such fees on an equal basis with the relevant Fund.

In addition, portfolio companies may from time to time, make discounts and other benefits available to employees in connection with products or services offered by such companies.

Each Fund's limited partners include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments in each Fund. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by each Fund, the structuring of the acquisition of portfolio companies and the timing of disposition of investments. Such structuring of portfolio companies may result in different after-tax returns being realized by different limited partners. As a consequence, conflicts of interest may arise in connection with decisions made by Valor that may be more beneficial for one limited partner than another limited partner, especially with respect to limited partners' individual tax situations. Valor considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular limited partner.

## **Item 12 – Brokerage Practices**

Valor is a private equity firm and generally does not sell securities through broker-dealers. When in a position to dispose of equity securities, Valor will select a broker-dealer based upon their knowledge of the security to be sold as well as the cost of such services. The Firm currently does hold a position of a portfolio company that is now a public company.

Valor will also periodically engage broker-dealers to perform various services for its clients and/or its portfolio companies, such as assisting in the purchase or sale of a portfolio company. Broker-dealers are chosen based upon their knowledge and expertise as well as upon cost of the services provided.

Valor does not pay or receive soft dollars, does not pay or receive fees for limited partner referrals, does not direct brokerage or advise limited partners on doing so, and does not aggregate trades.

## **Item 13 – Review of Accounts**

Both the Chief Compliance Officer and the Vice President of Finance review the accounts of each Fund on a quarterly basis. The Chief Compliance Officer and Vice President of Finance also review the Funds' accounts whenever a determination is made as to a distribution. In addition, the Chief Compliance Officer and Vice President of Finance furnishes to the limited partners of Fund II unaudited financial statements for the first three quarters of each fiscal year within 45 days of each quarter's close, and furnishes to the limited partners of the Funds an annual audited financial statement within 90 days of calendar year end. All reports are delivered to investors electronically.

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

Valor receives no compensation in the forms of fees paid by the limited partners.

While Valor has never used third-party marketers to date to assist in fundraising efforts, Valor may, in the future enter into solicitation agreements pursuant to which it compensates one or more third-parties for client referrals that will result in the provision of investment advisory services by Valor. Any cash solicitation agreements will comply with Rule 206(4)-3 of the Advisers Act.

## **Item 15 – Custody**

By its ability to deduct performance fees and make securities purchases and sales, Valor is deemed to have custody over investor assets. Valor, however, does not take physical possession of client money or securities; called capital is directly sent or wired into the respective Fund's bank account at The Northern Trust Bank. Valor receives monthly statements from Northern Trust. In addition, Fund certificated securities are held with a qualified custodian, Merrill Lynch.

## **Item 16 – Investment Discretion**

Valor and its general partners have discretionary authority based on management agreements with each of its Funds and the limited partnerships agreements that govern each Fund to buy and sell securities or other investments on behalf of the Funds and to determine the amount of such investments to be bought and sold. The terms upon which Valor serves as an investment manager of a Fund are established at the time each Fund is established and are generally set out in the management agreement and/or limited partnership agreement or other governing document entered into by Valor with respect to the relevant Fund and disclosed in the offering documents for such Fund, as applicable.

To become a limited partner in a Valor Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement with such Fund. Valor is not required to contact a limited partner prior to transacting any business once a limited partner executes these documents.

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

As the vast majority of its portfolio companies are private, Valor generally does not have occasion to vote proxies on behalf of its Funds or portfolio companies. However, one Fund does currently own

a public company, and in the event a proxy is distributed for vote in this or any other future public portfolio company holding, Valor will vote the proxy consistent with the best interests of its limited partners.

Valor has adopted a proxy voting policy pursuant to SEC Rule 206(4)-6 to describe how it votes its clients proxies. Pursuant to this policy, Valor will generally vote in accordance with management's recommendations unless the Firm determines that voting in such a manner is in conflict with the best interests of its limited partners. In these cases, Valor will evaluate and vote the proxies on a case-by-case basis. The Firm may decide to take a proxy voting conflict to its advisory board for assistance with the resolution. In general, limited partners cannot request that Valor vote in a particular way on any specific proposal.

Limited partners may obtain a copy of Valor's complete proxy voting policies and procedures upon request from Valor's Chief Compliance Officer, Jon Shulkin, at (312) 683-1900. Limited partners may also obtain information from Valor about how Valor voted any proxies on behalf of the Fund.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item 18 to provide certain financial information or disclosures about their financial condition. Valor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to limited partners, and has not been the subject of a bankruptcy proceeding.

## **BROCHURE SUPPLEMENT**

This Brochure Supplement provides information about Valor Equity Partners that supplements the Valor Brochure. Please contact Jon Shulkin, Chief Compliance Officer, at (312) 683-1900 if you did not receive Valor's Brochure or if you have any questions about the contents of this Brochure Supplement.

Additional information about Valor is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ANTONIO J. GRACIAS**

Year of Birth: 1970

Chief Executive Officer

Valor Equity Partners

200 S. Michigan Avenue

Suite 1020

Chicago, IL 60604

(312) 683-1900

### **Item 2 – Educational Background and Business Experience**

Mr. Gracias holds a joint B.S. and M.S.F.S. (honors degree) in International Finance and Economics from the Georgetown University School of Foreign Service. He also holds a J.D. from the University of Chicago Law School. Mr. Gracias studied corporate structures and economic development at Waseda University in Tokyo, Japan.

Mr. Gracias is Valor's founder and President. Prior to founding Valor in 2001, Mr. Gracias served as Founder and Managing Member of MG Capital, a private equity firm headquartered in Chicago. Mr. Gracias was the lead transaction principal from 1995 through 2000. Prior to MG Capital, Mr. Gracias was an associate with Goldman, Sachs & Co. in New York, where he served the firm's institutional clients in the International Equity Division. Mr. Gracias serves as a member of several Valor Fund I and II portfolio company boards.

### **Item 3 – Disciplinary Information**

Mr. Gracias has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

As stated above, Mr. Gracias serves on a number of Valor's portfolio company boards. Mr. Gracias appointment on such boards has been designated in the best interest of the Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interests may arise between Mr. Gracias' fiduciary duties to the portfolio company on which he serves and his duty to Valor as decisions that are in the portfolio companies' best interest may possibly not be in Valor's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, appropriate measures have been taken whereby Mr. Gracias may recuse himself in such



circumstances from the decision making process.

#### **Item 5 – Additional Compensation**

Mr. Gracias does not receive an economic benefit for providing advisory services, other than the regular salary paid by Valor and his share of the carried interest distribution.

#### **Item 6 – Supervision**

Mr. Gracias does not provide financial advice directly to clients. He is supervised by Valor's Chief Compliance Officer, Jon Shulkin, (312) 683-1900.

## **JONATHAN K. SHULKIN**

Year of Birth: 1975

Chief Compliance Officer and Chief Financial Officer

Valor Equity Partners

200 S. Michigan Avenue

Suite 1020

Chicago, IL 60604

(312) 683-1900

### **Item 2 – Educational Background and Business Experience**

Mr. Shulkin received his B.B.A. in accounting, with honors, from the University of Texas at Austin in 1997.

Mr. Shulkin is the Chief Financial Officer of Valor and has been serving in that capacity since 2002. Since 2012, Mr. Shulkin has also been the Firm's Chief Compliance Officer. Prior to joining Valor in 2001, Mr. Shulkin worked at MG Capital as part of their investment and portfolio team. Before MG Capital, Mr. Shulkin worked at Bain and Company as an associate consultant.

Mr. Shulkin serves on the board of directors for All Smiles Dental Center, Inc., Astral Brands, Inc., North American Coatings, LLC, Sizzling Platter, LLC, and Life Care Partners, LLC, each of which are portfolio companies of the Valor Funds.

### **Item 3 – Disciplinary Information**

Mr. Shulkin has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

As stated above, Mr. Shulkin serves on a number of Valor's portfolio company boards. Mr. Shulkin's appointment on such boards has been designated in the best interest of the Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interests may arise between Mr. Shulkin's fiduciary duties to the portfolio company on which he serves and his duty to Valor as decisions that are in the portfolio companies' best interest may possibly not be in Valor's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned; however, appropriate measures have been taken whereby Mr. Shulkin may recuse himself in such circumstances from the decision making process.

**Item 5 – Additional Compensation**

Mr. Shulkin does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Valor and his share of the carried interest distribution.

**Item 6 – Supervision**

Mr. Shulkin does not provide financial advice directly to clients. He is supervised by Valor's Chief Executive Officer, Antonio J. Gracias, (312) 683-1900.

## **JUAN ALFONSO SABATER**

Year of Birth: 1964

Managing Director

Valor Equity Partners

200 S. Michigan Avenue

Suite 1020

Chicago, IL 60604

(312) 683-1900

### **Item 2 – Educational Background and Business Experience**

Mr. Sabater received his A.B. in History from Princeton University in 1987. He holds a J.D. from Stanford Law School, which he received in 1990. Mr. Sabater also studied history at Oxford University from 1984 to 1985.

Mr. Sabater has been a managing director at Valor since 2010. Prior to joining Valor, in 2006 Mr. Sabater was Principal and Co-Chairman of the Board for Augeo Affinity Marketing, Inc., a privately held marketing company, a position he continues at the present time. From 1998 through 2006, Mr. Sabater worked at Goldman, Sachs & Co. as a Managing Director of Investment Banking in New York.

### **Item 3 – Disciplinary Information**

Mr. Sabater has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

As stated above, Mr. Sabater serves as Principal and Co-Chairman of the Board of Augeo Affinity Marketing, Inc. As a completely unrelated line of work, Mr. Sabater's position with Augeo does not create a potential conflict of interest with Valor's clients.

### **Item 5 – Additional Compensation**

Mr. Sabater does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Valor and his share of the carried interest distribution.

### **Item 6 – Supervision**

Mr. Sabater does not provide financial advice directly to clients. He is supervised by Valor's Chief Compliance Officer, Jon Shulkin, (312) 683-1900.

## **SABRINA P. GRACIAS**

Year of Birth: 1971

Director of Client Services

Valor Equity Partners

200 S. Michigan Avenue

Suite 1020

Chicago, IL 60604

(312) 683-1900

### **Item 2 – Educational Background and Business Experience**

Ms. Gracias holds a B.A. in marketing from Georgetown University, a C.E. in finance from Oxford University, England, and received her Chartered Financial Analyst (CFA) designation in 2000.

Ms. Gracias has been Director of Client Services at Valor for 6 years. Prior to joining Valor, Ms. Gracias was a Regional Director for Institutional Sales at Russell Investment Group. Prior to Russell Investment Group, Ms. Gracias was a Principal at State Street Global Advisers in Boston, an Associate at Stein Roe and Farnham in Chicago, and an associate with SEI Corporation and an Associate in private wealth management at Deutsche Bank in London.

### **Item 3 – Disciplinary Information**

Ms. Gracias has never been the object of any legal or disciplinary event, proceeding or action.

### **Item 4 – Other Business Activities**

Ms. Gracias serves on the Board of Trustees of The Erikson Institute and is a Foundation Board of Trustee member for the Ann & Robert Lurie Children's Hospital of Chicago.

### **Item 5 – Additional Compensation**

Ms. Gracias does not receive an economic benefit for providing advisory services, other than the regular salary paid by Valor.

### **Item 6 – Supervision**

Ms. Gracias does not provide financial advice directly to clients. She is supervised by Valor's Chief Executive Officer, Antonio J. Gracias, (312) 683-1900.