

**INVESTMENT ADVISER BROCHURE**

**TZP MANAGEMENT ASSOCIATES, LLC**

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of TZP Management Associates, LLC, a Delaware limited liability company (“TZP Management”). If you have any questions about the contents of this Brochure, please contact us at (212) 398-0300. 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.**

TZP Management 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 TZP Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ADVISORY BUSINESS

TZP Group is a private investment management firm, including registered investment advisory entities and other organizations affiliated with TZP Management Associates, LLC, a Delaware limited liability company (“**TZP Management**” and, together with such affiliated organizations, collectively, “**TZP Group**”), that manages approximately \$180.5 million in private fund assets. TZP Group commenced operations in March 2007.

TZP Management is a registered investment adviser that commenced operations in February 2008. TZP Management and its affiliated investment adviser, TZP Capital Partners I GP, LLC (“**TZP GP**”, and together with TZP Management, the “**Advisers**”) provide investment advisory services to private investment funds. TZP GP is registered under the Advisers Act pursuant to TZP Management’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each Adviser, which operate as a single advisory business together with TZP Group.

TZP GP, a Delaware limited liability company and registered investment adviser, is the general partner of the following private investment funds (each, a “**Fund**” and, collectively, the “**Funds**” and, together with any future private investment fund managed by TZP Management, the “**Private Investment Funds**”):

- TZP Capital Partners I, L.P., a Delaware limited partnership (the “**Main Fund**”)
- TZP Capital Partners I (PIV), L.P., a Delaware limited partnership (“**PIV**”)
- TZP Capital Partners I MS (AIV), L.P., a Delaware limited partnership (“**MS (AIV)**”)
- TZP Capital Partners I MS (PIV-AIV), L.P., a Delaware limited partnership (“**MS (PIV-AIV)**”)
- TZP Capital Partners I DLT (AIV), L.P., a Delaware limited partnership (“**DLT (AIV)**”)
- TZP Capital Partners I DLT (PIV-AIV), L.P., a Delaware limited partnership (“**DLT (PIV-AIV)**”)
- TZP Capital Partners I avVenta (AIV), LP, a Delaware limited partnership (“**avVenta (AIV)**”)
- TZP Capital Partners I avVenta (PIV-AIV), LP, a Delaware limited partnership (“**avVenta (PIV-AIV)**”)

In performing investment advisory services for Private Investment Funds, TZP GP has retained TZP Management to provide advisory personnel and services. TZP Management’s advisory services for Private Investment Funds are detailed in the applicable private placement memoranda and the supplements thereto (each, a “**Private Placement Memorandum**” and, collectively, the “**Private Placement Memoranda**”), the applicable management agreements

(each, a “**Management Agreement**” and, collectively, the “**Management Agreements**”) and the limited partnership agreements of the Funds (each, a “**Limited Partnership Agreement**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Private Investment 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 and any other Private Investment Funds are private equity funds and invest through negotiated transactions in operating entities. TZP Management’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted subject to certain limitations set forth in the applicable Limited Partnership Agreement. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of TZP Management or its affiliates may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over the management of a Fund’s portfolio companies.

The Funds have entered into side letters or other similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing the applicable Limited Partnership Agreements.

As of December 31, 2011, TZP Management managed approximately \$180.5 million in client assets on a discretionary basis. TZP Management and TZP GP are each controlled by Samuel L. Katz and Vladimir M. Gutin (collectively, the “**TZP Partners**”), who are also such entities’ principal owners.

## **FEES AND COMPENSATION**

In general, TZP Management receives a management fee (“**Management Fee**”) paid by the Fund in connection with advisory services it provides. TZP Management or other TZP Group entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the Management Fee otherwise payable to TZP Management. Limited partners in the Funds (collectively, the “**Limited Partners**”) also bear certain fund expenses.

### **Management Fees**

The Main Fund pays a Management Fee to TZP Management or an affiliate thereof based on aggregate commitments, payable quarterly in advance equal to 2% per annum from the initial closing until the earlier of (a) February 14, 2014 and (b) the date upon which TZP Management (or an affiliate thereof) holds an initial closing admitting third party investors to any successor partnership of a size equal to or greater than the Fund with investment objectives substantially similar to those of the Fund. Thereafter, the Management Fee will be reduced on a prospective basis to an amount equal to 2% of aggregate commitments funded in respect of portfolio investments that have not been the subject of a disposition, until dissolution of the Fund.

TZP Management may waive all or a portion of Management Fees payable in the following year (the “**Waived Amount**”). Any Waived Amount will reduce, on a dollar-for-dollar basis, the amount of capital contributions that TZP GP would otherwise be required to make in respect of its commitment and the Limited Partners will be required to make additional capital contributions to satisfy such shortfall, *pro rata*, in accordance with their respective commitments, up to the amount of the Waived Amount. TZP Management (or an affiliate thereof) will be entitled to any distributions otherwise distributable to the Main Limited Partners in respect of the Waived Amount, but solely out of profits from portfolio investments. Waived Management Fees are not subject to the Management Fee offsets described below. Due to any such waiving of Management Fees and/or timing of receipt of compensation subject to offsets (as described below), it is possible that Management Fee offsets will not be fully realized by investors in the Fund, resulting in an additional benefit to TZP Management.

TZP Management has the right to contract for and receive transaction fees, break-up fees and directors’ fees (collectively, “**Supplemental Fees**”) in connection with the activities of a Fund; provided, however, that (A) (i) 25% of the first \$2 million for each fiscal year, (ii) 50% of the next \$1 million for each fiscal year and (iii) 75% of any amount in excess of \$3 million for each fiscal year, of the Main Fund’s allocable share of any such transaction fees; (B) (i) 25% of the first \$2 million for each fiscal year, (ii) 50% of the next \$1 million for each fiscal year and (iii) 75% of any amount in excess of \$3 million for each fiscal year, of the Main Fund’s allocable share of any such break-up fees; and (C) 100% of the Main Fund’s allocable share of such directors’ fees, in each case, shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by the Main Fund. To the extent that the Management Fee is not so reduced as of any given payment date because the Management Fee has been reduced to zero, the excess shall be carried over to the next succeeding payment date (and, if necessary, to one or more subsequent payment dates) and applied as a reduction of the Management Fee (but not below zero) for such succeeding payment date.

## **Other Information**

The Funds and any other Private Investment Funds invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Limited Partnership Agreements over the term of the Funds (or the relevant Private Investment Funds, as applicable) and Limited Partners generally are not permitted to withdraw or redeem interests in the Funds (or other relevant Private Investment Funds, as applicable). TZP GP reserves the right to waive all or a portion of any Management Fee and/or Carried Interest (as defined below) payable by Limited Partners of the Funds or other Private Investment Funds.

In addition to the Management Fee and Carried Interest, the Funds bear certain expenses. As set forth in the applicable Limited Partnership Agreement, the Funds bear all expenses to the extent not paid by portfolio companies, including legal, accounting, auditing, investment banking, travel, printing, consulting, research, brokerage, finder’s fees, custody, transfer, government and registration, insurance, advisory board, interest, taxes and other similar fees and expenses. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

## PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

TZP Management does not receive a carried interest allocation (“**Carried Interest**”) for its advisory services to the Funds. Rather, TZP GP receives a Carried Interest equal to 20% of all aggregate realized profits, subject to satisfaction of an 8%, compounded annually, preferred return to the Limited Partners of the Main Fund, from the Main Fund, as more fully described in the Main Fund’s Limited Partnership Agreement. If TZP GP receives Carried Interest distributions during the life of the Main Fund which are, in the aggregate, in excess of 20% of such Fund’s cumulative net profits, then such excess Carried Interest distributions will be subject to repayment by TZP GP; provided that TZP GP shall not be required to refund an amount in excess of the cumulative distributions (exclusive of TZP GP’s distributions in respect of TZP GP’s committed capital) received by TZP GP less taxes paid or deemed paid by TZP GP in respect of its Carried Interest. Each of PIV, MS (AIV), MS (PIV-AIV), DLT (AIV), DLT (PIV-AIV), avVenta (AIV) and avVenta (PIV-AIV) (each of the immediately foregoing Funds, a “**TZP Alternative Investment Vehicles**”) is not subject to a Carried Interest. This practice could present a conflict of interest because the General Partner has an incentive to favor accounts for which it receives a performance-based fee. TZP GP seeks to address this potential conflict of interest by managing the applicable investment of the Main Fund and relevant TZP Alternative Investment Vehicle, to the extent practicable, on the same terms on a *pro rata* basis based on relative commitment sizes of the Main Fund and such TZP Alternative Investment Vehicle.

## TYPES OF CLIENTS

TZP Management provides investment advice to Private Investment Funds, including the Funds. Private Investment 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 Private Investment 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 TZP Management and its affiliates.

The Funds are closed to new investors.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### General

Generally, the Advisers seek long-term capital appreciation through control equity and equity-related investments in middle-market companies, in the form of buyouts, build-ups and recapitalizations, located primarily in North America.

TZP Group focuses its investing activities on business and consumer services companies with, what it considers, strong cash flows, which TZP Group believes it can improve and/or which can serve as acquisition platforms. TZP Group will leverage the network of relationships its investment professionals (“**Investment Professionals**”) possess with owners and managers of

middle-market companies, as well as, financial intermediaries who are active in its target industries.

There can be no assurance that the Advisers will achieve the investment objectives of the Funds and a loss of investment may be possible.

## **Investment and Operating Strategy**

### ***Transaction Sourcing***

TZP Group anticipates that a number of its investment opportunities will be in the industry categories in which the Investment Professionals have transaction experience. TZP Group also researches market segments and develops relationships therein with the aim of developing additional deal flow. The Investment Professionals utilize the same strategies used in their prior experience in attempting to generate transaction opportunities.

### **Size - Middle-Market Companies**

The Advisers generally target middle-market equity investments. The Advisers generally seek equity investments ranging between \$20 million and \$60 million in portfolio companies typically with enterprise values up to \$250 million and EBITDA greater than \$5 million. TZP Group focuses on companies and investments in this size range due to: (i) what it perceives as a large number of companies of this size; (ii) what it perceives as favorable transaction dynamics due to generally fewer competing sources of capital; (iii) what it believes to be generally lower acquisition multiples; and (iv) the potential to exit at a higher multiple than paid at entry. The Funds may invest in companies with enterprise values in excess of \$250 million with the assistance of co-investors if determined that such companies meet the investment criteria.

### **Industries - Business and Consumer Services**

TZP Group has particular interest in industries where the Investment Professionals have specific knowledge or experience. These include: residential real estate, vehicle services, travel services, marketing and media services, specialty finance and franchise services.

TZP Group believes that middle-market business and consumer services companies have a number of common operating and strategic challenges, which create an opportunity to add value through active investment management. Such challenges include: (i) implementing disciplined strategic planning, financial budgeting and capital allocation processes; (ii) developing effective customer acquisition and retention strategies; (iii) taking advantage of business process outsourcing opportunities; (iv) attracting high quality personnel across functional areas; and (v) effectuating business model refinements.

### **Company Characteristics - Earnings Growth Prospects and Potential for Add-on Acquisitions**

TZP Group generally seeks to identify and invest in companies that it believes are capable of generating earnings growth in excess of either their underlying industries or their historical performance. Typically, these businesses possess some, if not all, of the following characteristics:

- Well-defined and defensible market niche or proprietary products, brand names or channels of distribution with meaningful barriers to entry;
- Limited exposure to cyclical downturns;
- Lack of a disciplined strategic planning and/or capital allocation process;
- Unrecognized or untapped revenue potential;
- Unrealized and sustainable cost reduction opportunities;
- Potential for augmenting and upgrading key personnel; and
- Potential for add-on, accretive acquisitions.

TZP Group believes that companies with such characteristics frequently represent attractive investment opportunities as their valuations are often driven by historical performance and, thus, may reflect a discount to their true growth potential.

#### Identify Target Industries

TZP Group strives to work continuously and in a variety of ways to identify proactively, in its opinion, the most attractive business and consumer services sectors for private equity investment. TZP Group favors industries: (i) that are being driven by clear and sustainable growth factors; (ii) that have high barriers to competitive entry and/or restrained capital expenditure and working capital growth needs; (iii) that have reasonable returns on assets and opportunities for niche market participation; and (iv) that are undergoing structural changes that could potentially create investment opportunities and/or improved economics. TZP Group seeks sectors that are fragmented such that TZP Group believes it may have an opportunity to find companies in which to deploy an efficient amount of capital and actionable add-on acquisitions. Additionally, TZP Group seeks sectors where it believes well-managed companies can achieve high exit multiples from either strategic or financial acquirers or in the public equity markets.

#### Proactively Approach Companies

TZP Group typically seeks to acquire companies in its chosen sectors where TZP Group sees an opportunity to increase enterprise value through active investment management. While TZP Group will participate in competitive sale processes, it intends to do so when it believes it has a competitive advantage over other potential buyers, as a result of its industry or company knowledge, and/or close relationships with management or key industry executives. TZP Group expects that most of its transactions will not face significant competition.

#### ***Transaction Selection***

TZP Group expects its deal selection process to include: (i) financial and business analysis of its target industries and companies; (ii) use of internal and external professional resources; (iii) development of relationships with owners and management teams; and (iv) application of its transaction and industry experience to identify and address due diligence issues



early in the acquisition process. TZP Group expects its due diligence analysis of target companies to include (but not be limited to): (i) review of historical financial performance; (ii) industry trend analysis; (iii) competitive positioning of the target company; (iv) valuation of similar businesses in the public and private markets; (v) cash flow modeling under a variety of operating and capital structure assumptions; (vi) use of its network of industry executives and/or consultants for perspectives on specific topics; (vii) preparation of due diligence reports by lawyers, accountants and other specialists; (viii) discussions with management at different levels in the organization; (ix) review of company operating reports and metrics for each business function; and (x) examination of contingents assets and liabilities.

In addition to its approach to due diligence, TZP Group maintains a screening process to assess whether an investment opportunity meets the investment criteria. TZP Management will ultimately rely on its final due diligence findings to determine if an investment opportunity fulfills the key investment criteria: (i) an ability to implement active investment management to add value to the target company post-closing; (ii) a realistic probability of acquiring the target company at an attractive price; and (iii) an expectation of an attractive IRR and MOIC over a four- to six-year holding period for the investment.

### ***Transaction Execution***

TZP Group will seek primarily to make investments where the Funds become the controlling shareholder of the target company. Where the amount of capital required for the investment exceeds TZP Group's desired allocation level for the applicable Fund, TZP Group may offer co-investment opportunities. TZP Group expects to structure primarily leveraged buyout or recapitalization transactions and, when appropriate, other forms of flexible control investing. While the Funds typically will incur debt at the portfolio company level in connection with making investments, the Funds will attempt to maintain capital structures of portfolio companies to allow for TZP Group's investment plan to be executed and to withstand a degree of variability in operating performance. The Funds seek to employ flexible debt structures with tailored covenants, which permit additional draw-downs and limited amortization.

TZP Group will work closely with management of a target company to prepare for post-closing periods of investment. Such preparation normally includes: (i) establishment of financial operating targets; (ii) development of a strategic plan; (iii) creation of metrics to measure business drivers on a regular basis; (iv) agreement on management and employee incentive plans; and (v) agreement on ongoing reporting relationships between TZP Management and the target company.

### ***Post-Closing Value-Add***

TZP Group believes that implementing active investment management post-closing is an important competitive advantage for the Funds. By implementing active investment management, TZP Management believes it can: (i) accelerate revenue growth of portfolio companies; (ii) implement business model refinements, cost reductions and disciplined portfolio management practices; (iii) effectuate appropriate management team enhancements; and (iv) pursue add-on acquisitions and synergistic consolidations on behalf of the Funds' portfolio companies.

TZP Group believes that critical to the success of active investment management is a disciplined plan for oversight of each investment. On an ongoing basis, TZP Management has an active role in the management of the Funds' portfolio companies, which will extend significantly beyond the initial planning stages. TZP Management intends to work with the management teams of the Funds' portfolio companies to create annual financial plans by which the performance of such companies will be measured and to develop strategic plans, which set out clear priorities that enhance the long term value of such companies and contain contingency plans for potential vagaries. TZP Management will attempt to implement reporting processes that consistently measure performance against agreed-upon financial and strategic targets.

The Investment Manager believes that the factors that have the greatest impact on investment returns are earnings growth and earnings multiple expansion. TZP Management believes that eschewing financial engineering and emphasizing active investment management will benefit the Funds and result in relatively lower-risk IRRs and higher MOICs over comparatively longer holding periods.

### ***Transaction Exit***

TZP Management takes into consideration the exit options for a portfolio company prior to making an initial investment and will be actively involved with portfolio company management in positioning the company for a formal, professional sale process. TZP Management expects that most of the Funds' investments will have holding periods of four to six years. TZP Management's primary exit strategy for the investments will be a sale to a strategic or financial purchaser, and, to a lesser extent, through IPOs and recapitalizations. TZP Group believes that these factors can result in higher earnings multiples afforded to these companies as compared to those paid at time of investment.

### **Risks of Investment**

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. Investors should review each Fund's Private Placement Memorandum for information regarding risks specific to each Fund. In general, the risks involved with the Adviser's investment strategy and an investment in the Funds include, but are not limited to:

*Nature of Investments.* The Funds' investments are expected to include portfolio companies the capital structure of which may have significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Although TZP GP will seek to use leverage in a manner it believes is appropriate under the then circumstances, the leveraged capital structure of such portfolio companies will increase the exposure of such portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry and which may impair such portfolio companies' ability to finance their future operations and capital needs and result in restrictive financial and operating covenants. As a result, such portfolio companies' flexibility to respond to changing business and economic conditions may be limited. If for any of these reasons a portfolio company is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or make regular dividend payments, the value of a Fund's investment in such portfolio company

could be significantly reduced or even eliminated. Moreover, the Funds may invest in securities that are not protected by financial covenants or limitations on additional indebtedness.

*Highly Competitive Market for Investment Opportunities.* The activity of identifying, completing and realizing attractive private equity investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that the Funds will be able to locate and complete investments that satisfy each Fund's objectives, or realize the value of these investments, or that the Funds will be able to invest fully their committed capital. However, Limited Partners will be required to pay the Management Fee based on aggregate commitments during the commitment Period. The Funds will be competing for investment opportunities against various other groups, including industry participants, investment firms and merchant banks.

*Illiquid and Long-Term Investments.* Although each Fund's portfolio investments may generate current income, the return of capital and the realization of gains, if any, from an investment generally will most likely occur only upon the partial or complete disposition of such investment. While a portfolio investment may be sold at any time, it is generally expected that the disposition of most of the portfolio investments will not occur for a number of years after such investments are made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. The Funds generally will not be able to sell securities publicly unless their sale is registered under applicable securities laws, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act, which permit only limited sales under specified conditions. In addition, in some cases, the Funds may be prohibited or limited by contract from selling certain securities for a period of time.

*Portfolio Company Management Risks.* With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. Although TZP GP and TZP Management expect to monitor the management of each portfolio company, management of each portfolio company will have day-to-day responsibility with respect to the business of such portfolio company.

*General Economic Conditions.* Changes in general economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. The short-term and the longer-term impact of certain events are uncertain, but could have a material effect on general economic conditions, consumer confidence and market liquidity. Each Fund's investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of each Fund's investments. No assurance can be given as to the effect of these events on each Fund's investment objectives.

*Concentration of Investments.* Each Fund will participate in a limited number of portfolio investments and, as a consequence, the aggregate return of each Fund may be affected by the performance of a single portfolio investment. Furthermore, to the extent that the capital

raised is less than the targeted amount, each Fund may invest in fewer portfolio companies and thus be less diversified. Because the Funds have the ability to concentrate investments, the overall adverse impact on the Funds of adverse movements in the value of a single portfolio company will be considerably greater than if each Fund were not permitted to concentrate its investments to such an extent.

*Disposition of Private Investments.* Many of each Fund's investments will involve private securities. In connection with the disposition of an investment in private securities, such Fund may be required to make representations about the business and financial affairs of a portfolio company typical of those made in connection with the sale of a business. A Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations that must be satisfied by the Limited Partners to the extent of distributions made to the Limited Partners.

*Control Position.* The Funds will generally seek investment opportunities that allow them to have significant influence on the management, operations and strategic direction of the portfolio companies in which they invest. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may generally be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Funds to claims by a portfolio company, its security holders and its creditors. While TZP GP intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

The Funds may also make minority equity investments in portfolio companies where they may have limited influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of the Funds and the Funds may not be in a position to limit or otherwise protect the value of the investments in such portfolio companies. Each Fund's control over the investment policies of such portfolio companies may also be limited. This could result in the Funds' investments being frozen in minority positions that incur substantial loss.

*Third-Party Involvement.* Each Fund may co-invest through partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of the Funds.

*Reliance on Management.* The success of the Funds depends in substantial part upon the skill and expertise of the Investment Professionals who will be providing investment advice with respect to the Funds. There can be no assurance that these key Investment Professionals will continue to be associated with TZP GP or TZP Management throughout the life of the Funds. The loss of key personnel could have a material adverse effect on the Funds' ability to realize investment objectives.

*Board Participation.* The Funds may be represented on the boards of directors of certain of its portfolio companies or have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Funds'

investment strategies and may enhance TZP GP's and TZP Management's ability to manage the Funds' investments, they may also have the effect of impairing TZP GP's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject TZP GP, TZP Management and the Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director related claims. In general, the Funds will indemnify TZP GP and TZP Management from such claims.

*Regulatory Risks.* Regulatory changes could occur during the term of the Funds that may adversely affect the Funds. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of debt financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions.

*Non-U.S. Investments.* The Funds may invest globally, including in Portfolio Companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (a) currency exchange matters including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another, (b) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, (c) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (d) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability, (e) obtaining foreign governmental approvals and complying with foreign laws and (f) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Funds to seek to enforce their rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

*Expedited Transactions.* Investment analyses and decisions by TZP Management may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to TZP Management at the time an investment decision is made may be limited, and TZP Management may not have access to detailed information regarding the investment. Therefore, no assurance can be made that TZP Management will have knowledge of all circumstances that may adversely affect an investment.

*Follow-On Investments.* Following the initial investment in a portfolio company, each Fund may be called upon to provide additional funds or have the opportunity to increase its investment in such company or to fund additional investments through such company. There is no assurance that the Funds will make Follow-On Investments or that the Funds will have

sufficient funds to make all such investments. Any decision by the Funds not to make follow-on investments or the inability to make them may have substantial negative impact on the portfolio company in need of such investment.

### **Conflicts of Interest**

During the commitment period of the Funds, all appropriate investment opportunities will be pursued by TZP Partners through the applicable Fund, subject to certain limited exceptions. Following the commitment period of each Fund, TZP Partners may and likely will focus their investment activities on other opportunities and areas unrelated to the applicable Fund's investments.

From time to time, TZP Partners and the Advisers will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Private Investment Funds and other investment vehicles operated by advisory affiliates of the Advisers. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Advisers attempt to resolve such conflicts of interest in light of their obligations to investors in their Private Investment Funds and the obligations owed by the Advisers' advisory affiliates to investors in investment vehicles managed by them, and attempt to allocate investment opportunities among the Funds, other Private Investment Funds and such investment vehicles in a fair and equitable manner. Where necessary, the Advisers consult and receive consent to conflicts from an advisory committee consisting of limited partners of the applicable Fund and such other investment vehicles.

The existence of TZP GP's carried interest distributions in the circumstances described above may create an incentive for GP to make more speculative portfolio investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangement, although TZP GP's capital commitment to the Funds should tend to reduce this incentive. Additionally, since TZP Management is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with the Funds' investments, it could have a conflict of interest in connection with approving certain transactions.

The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of the portfolio investments made by the Funds, the structuring or the acquisition of portfolio investments and the timing of disposition of portfolio investments. As a consequence, conflicts of interest may arise in connection with the decision made by TZP GP or TZP Management, including with respect to the nature or structuring of portfolio investments, that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to Limited Partners' individual tax situations. In selecting and structuring investments appropriate for the Funds, TZP GP and TZP Management will consider the investment and tax objectives of the Funds and their Partners as a whole, not the investment, tax or other objectives of any Limited Partner individually.

## **DISCIPLINARY INFORMATION**

TZP Management 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**

TZP Management is affiliated with TZP GP, an investment adviser registered with the SEC under the Advisers Act pursuant to TZP Management's registration in accordance with SEC guidance. This affiliated investment adviser operates as a single advisory business with TZP Management and serves as general partner of each of the Funds and may serve as manager or general partner of 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**

The Advisers have adopted the TZP Group Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of TZP Group principals and employees and addresses conflicts that arise from personal trading. The Code requires certain TZP Group personnel to report their personal securities transactions, prohibits or requires pre-clearance for TZP Group personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits TZP Group personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the TZP Group Chief Compliance Officer. A copy of the Code will be provided to any Limited Partner or prospective limited partner upon request to Daniel H. Galpern, the TZP Group Chief Compliance Officer, at (212) 398-0300. 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.

The Advisers and their 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, the Advisers and their 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 the Advisers.

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

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including 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 and other Private Investment Funds may invest together with other funds advised by an affiliated adviser of TZP Management in the manner set forth in their Limited Partnership Agreements. The Advisers will determine the allocation of investment opportunity in a manner that it believes is fair and equitable to its clients consistent with the Advisers' obligations and may take into consideration factors such as the following: the client's investment restrictions and objectives (including those set forth in the relevant client's governing documents, where applicable), investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk.

The Advisers and their 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. The operative documents and investment programs of certain vehicles sponsored by TZP Group (the "**Reference Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by Limited Partners (or their representatives) in such Reference Funds.

From time to time, the Advisers may borrow funds on behalf of a Fund or the Private Investment Funds and contribute such borrowed amounts to such Fund (or relevant Private Investment Fund, as applicable) as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the Fund (or the relevant Private Investment Fund, as applicable) as a Fund expense, consistent with the Limited Partnership Agreement (or other governing document) and the expense policy described under "Fees and Compensation." In borrowing on behalf of a Fund or a Private Investment Fund, the Advisers are subject to conflicts of interest between repaying their obligations and retaining such borrowed amounts for the benefit of the Fund or Private Investment Fund, as applicable. The Advisers will effect such borrowings in a manner they believe to be fair and equitable to the Fund or Private Investment Fund, as applicable, and consistent with the Advisers' obligations to the Fund and the Limited Partnership Agreement (or other governing document).

### **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public



securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers 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; and (iv) responsiveness to requests for trade data and other financial information.

The Advisers have 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 the Advisers generally seek competitive commission rates, they 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 the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Advisers’ Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by the Advisers, and brokerage commissions paid by one Private Investment Fund may apply towards payment for research services that might not be used in the service of such Private Investment Fund. Research services may be shared among the Advisers and their affiliates.

The Advisers do not employ any agreement or formula for the allocation of brokerage business on the basis of research services; however, the Advisers may, in their discretion, cause the Private Investment Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Advisers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Advisers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Advisers will periodically determine which brokers have provided research that has been helpful in the management of Private Investment Funds. To the extent consistent with the

Advisers' goal to obtain best execution for the Funds, the Advisers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Adviser 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 Private Investment Fund's interest in receiving most favorable execution.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage 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 Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are 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. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment 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 Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment 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 Private Investment 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, TZP Management closely monitors companies in which the Funds invest, and the TZP Group Chief Financial Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

Each Fund will provide to each of its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

TZP Management and/or its affiliates may provide certain business or consulting services to companies in each Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Funds' Limited Partnership Agreements, this compensation may, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. See "Fees and Compensation."

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential Limited Partner becoming a Limited Partner in a Fund or other Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by TZP Management indirectly through an offset against the Management Fee.

## **CUSTODY**

TZP Management maintains custody of the Funds' assets held in each Fund's name with the following qualified custodians: Citizens Bank, N.A. and Deutsche Bank AG.

## **INVESTMENT DISCRETION**

TZP Management has discretionary authority to manage investments on behalf of each Fund pursuant to the Limited Partnership Agreements and Management Agreements described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, the Advisers may enter into "side letter" arrangements with certain Limited Partners whereby the terms applicable to such Limited Partners' investment in the Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. TZP Management assumes this non-discretionary authority pursuant to the terms of the Management Agreements and powers of attorney executed by the Limited Partners of Funds.

## **VOTING CLIENT SECURITIES**

The Advisers have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for each Fund's (and any Private Investment Fund's) portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Each of the Advisers generally believes its interests are aligned with those of Funds' Limited Partners through the principals' beneficial ownership interests in the Funds and therefore will not seek Limited Partner 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 the Adviser 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 the Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by TZP Group personnel or their 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 the Advisers when voting proxies on behalf of the Funds. If you would like a copy of the Adviser's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Daniel H. Galpern, the TZP Group Chief Compliance Officer, at (212) 398-0300 and it will be provided to you at no charge.

### **FINANCIAL INFORMATION**

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

## **SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF TZP MANAGEMENT**

### **Samuel L. Katz**

#### *Educational Background and Business Experience*

Samuel L. Katz, born 1965, founded TZP Group in March 2007 and serves as its Managing Partner. Mr. Katz began his career in 1986 as a financial analyst at Drexel Burnham Lambert. From 1988 to 1992, he was an Associate and Vice President at Blackstone. From 1992 to 1995, Mr. Katz invested in private and public equity as Co-Chairman of Saber Capital, Inc. and Vice President of Dickstein Partners Inc. In 1996 he joined Cendant. He served on Cendant's Investment Committee and held various operating and management roles, including CEO of Cendant Internet Group (2000), Chairman and CEO of Travelport (2001-2005), Co-Chairman of Affinion (2003-2005) and Chairman and CEO of the Financial Services division (2003). After Cendant, he joined MacAndrews & Forbes Holdings, Inc. as CEO of MacAndrews & Forbes Acquisition Holdings Inc. (2006-2007). Mr. Katz received his B.A. magna cum laude in Economics from Columbia College in 1986. He is a director of Pennant Park Investment Corporation.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Katz.

#### *Other Business Activities*

Mr. Katz is a member of the board of Pennant Park Floating Rate Capital Ltd.

#### *Additional Compensation*

Mr. Katz receives additional compensation in connection with the activities described immediately above.

#### *Supervision*

As the Managing Partner of TZP Group, Mr. Katz is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Katz is not subject to the supervision of any other individual other than Vladimir M. Gutin.

## **Vladimir M. Gutin**

### *Educational Background and Business Experience*

Vladimir M. Gutin, born 1967, joined TZP Group in July 2007 and serves as a Partner. Mr. Gutin began his career in 1990 as a research assistant at The Board of Governors of the Federal Reserve System. After receiving his M.B.A. in 1994, he joined Goldman Sachs's Financial Institutions Group, where he served prior to departure as Managing Director and Co-Head of the Specialty Finance Group whose clients primarily consist of middle-market consumer and commercial finance companies and subsidiaries. During his 13-year career at Goldman Sachs, he served as senior execution banker on 22 mergers and acquisitions transactions and three bookrun IPOs, solely for middle-market, specialty finance companies. Mr. Gutin received his B.A. in Economics from The Johns Hopkins University in 1989 and his M.B.A. with highest distinction from The Tuck School of Business at Dartmouth in 1994.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Gutin.

### *Other Business Activities*

Mr. Gutin is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

Mr. Gutin does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a Partner of TZP Group, Mr. Gutin is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Gutin is not subject to the supervision of any other individual other than Samuel L. Katz.

## **Daniel H. Galpern**

### *Educational Background and Business Experience*

Daniel H. Galpern, born 1971, joined TZP Group in July 2008 and serves a Partner. Mr. Galpern began his career in 1996 as a Mergers and Acquisitions Associate at Skadden, Arps, Slate, Meagher & Flom LLP. In 2000, Mr. Galpern joined TD Capital Communications Partners as an associate, becoming Vice President in 2002. At TD Capital, Mr. Galpern originated, executed and monitored private equity investments in the media, communications and business services industries. In 2003, Mr. Galpern joined CurtCo Media Labs, LLC, as Executive Vice President and then became COO. Mr. Galpern received his B.S. in Political Science from Washington University in 1993 and his J.D. from Fordham University School of Law in 1996.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Galpern.

### *Other Business Activities*

Mr. Galpern is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

Mr. Galpern does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a Partner of TZP Group, Mr. Galpern is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Galpern is not subject to the supervision of any other individual other than Samuel L. Katz and Vladimir M. Gutin.