

BDT Capital Partners, LLC

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Part 2A of Form ADV: Firm Brochure
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This brochure provides information about the qualifications and business practices of BDT Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at cfeingold@bdtcap.com. 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 securities authority.

Additional information about BDT Capital Partners, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

Item 2 is not applicable to BDT Capital Partners, LLC.

Item 3. Table of Contents

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means BDT Capital Partners, LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide investment management services to and/or receive investment management fees from the Funds (as defined below). Such affiliates may or may not be under common control with BDT Capital Partners, LLC, but possess a substantial identity of personnel and/or equity owners with BDT Capital Partners, LLC. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below), or may serve as general partners of the Funds.

The Adviser provides investment management services to investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

Fund investments may be made in privately-held or publicly-traded companies and are likely to include minority investments and control stakes, opportunistic investments in public and private debt, equity, hybrid securities, options and warrants as well as participating in “going private” transactions. In accordance with the Funds’ respective investment objectives, investments are generally made in family, founder and entrepreneur-controlled companies across a broad range of industries and geographic regions. The Adviser’s investment advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment management services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment manager and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

The principal owners of BDT Capital Partners, LLC are BDT Partners, LP, BDTP GP, LLC and Byron D. Trott. The Adviser has been in business since 2009. As of February 1, 2012, the Adviser manages a total of \$3,500,000.00 of client assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

As compensation for investment management services rendered to the Funds, the Adviser receives from each Fund a management fee (each, a “Management Fee”). Management Fees paid by a Fund are borne by investors in such Fund, other than limited partners that are affiliated with the general partner or the Adviser. Co-investors may also pay a Management Fee to the Adviser.

In addition, the Adviser and its affiliates may perform advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. These fees may be substantial. Although these fees are in addition to the Management Fee, the Adviser will in some circumstances reduce the amount of Management Fee or expenses paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Additionally, a portfolio company may reimburse the Adviser for expenses (including without limitation travel expenses incurred by the Adviser in connection with its performance of services for such portfolio company. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

The precise amount of, and the manner and calculation of, the Management Fee for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Advisory Agreement, organizational documents and/or other documentation received by each investor prior to investment in such Fund. Fees may differ from one Fund to another, as well as among investors in the same Fund, based on their relative contributions to the Fund or affiliation with the Adviser. A portion of the Management Fee otherwise payable by the Fund is expected to be reduced (but not below zero) by the Fund’s share of any directors’ fees, “break-up” fees, capital usage fees, monitoring fees or similar fees (net of unreimbursed expenses, including Fund expenses incurred in connection with transactions that are not completed) received by the Adviser in connection with actual or prospective investments by the Fund. In addition, the Adviser may waive or reduce all or a portion of the Management Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and certain partners, senior principals and principals (collectively, the “Adviser principals”), advisors, officers, employees and affiliates of the Adviser to invest in such Fund.

Management Fees billed to and received from the Funds are due in August and February or as otherwise deemed appropriate from time to time by the applicable general partner; provided, that in no event shall the Management Fees be paid to the Adviser six months or more in advance. Upon termination of an Advisory Agreement, Management Fees that have been prepaid generally will be returned on a prorated basis.

Generally, and except as otherwise set forth in the organizational documents of a Fund, the Adviser will ultimately bear all fees and out-of-pocket expenses of any placement agent that solicits investors for the Funds. The Funds will bear all legal and other expenses, including the out-of-pocket expenses of the applicable general partner, incurred in the formation of the Funds

up to an amount, if any, as set forth in the organizational documents of the applicable Fund. Organizational expenses in excess of this amount, if any, ultimately will be borne by the Adviser.

To the extent provided in the Advisory Agreements and other organizational documents of the Funds, the Adviser will pay out of the Management Fee certain general overhead expenses, including expenses on account of rent, office furniture, fixtures and computer equipment, travel, entertainment, and compensation of its employees (other than Carried Interest described in Item 6 below). Each Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including but not limited to (i) fees, costs and expenses related to sourcing, investigating, identifying, analyzing, pursuing, negotiating, consummating, acquiring, holding, managing and selling any actual or potential portfolio investments for the Fund (regardless of whether such investments are subsequently consummated); (ii) expenses of any administrators, consultants, custodians, counsel and accountants (including audit and certification fees); (iii) any insurance, indemnity or litigation expense; (iv) the out-of pocket expenses of any Fund advisory committee; (v) certain taxes and any fees or other governmental charges levied against the Fund; and (vi) the costs of reporting to investors of the Fund, as well as any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser. Expenses that would otherwise be payable by the Adviser may be reduced through the use of "soft" or commission dollars, as discussed in Item 12 below.

Additionally, please see Item 6 below regarding "Carried Interest" that Funds may pay.

In the event that the Adviser chooses to use a broker-dealer in connection with an investment by a Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Item 6. Performance-Based Fees and Side-By-Side Management

Once a Fund has distributed to its limited partners their funded commitments, exclusive of management fees, plus a simple annual rate of return of 5% on aggregate funded commitments, a portion of the profits of the Fund is distributed to its general partner, if any, as "carried interest" (the "Carried Interest") in accordance with the Fund's organizational and offering documents. Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Additionally, the Adviser periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund.

Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment management services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the applicable general partner of each such Fund) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, institutions, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund. Investors with investment commitments below certain thresholds may incur Management Fees that are greater than the Management Fees paid by other investors.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The Adviser principally focuses on situations where the Adviser believes it can provide attractive capital solutions to family, founder and entrepreneur-controlled companies. The Funds seek to make opportunistic investments across a broad range of industries and geographic regions, with investment guidelines that provide structuring flexibility. The Adviser anticipates that Fund investments will be principally focused in the United States. The Adviser’s financial services business may occasionally generate investment opportunities for the Funds.

Fund investments may be made in privately-held or publicly-traded companies and are likely to include minority investments and control stakes, opportunistic investments in public and private debt, equity, hybrid securities, options and warrants as well as participating in “going private” transactions. The Adviser anticipates that many of the Funds’ investments will be structured with a longer maturity profile than is typical of private equity benchmarks. The Adviser expects to commit to certain investments with a maturity profile as long as ten years.

The investment process for the Funds involves careful investment review and due diligence, including an analysis of the competitive industry landscape, assessment of the management team and ownership structure, financial, accounting and tax review, legal and insurance due diligence and financial analysis. Prior to final approval of entering into any definitive agreement, transactions are reviewed by the Adviser principals and investment committee. The Adviser anticipates that the Funds’ investment portfolios will be comprised of a mix of private and public investments across a range of structured securities.

Risks

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

Dependence on Key Personnel

The success of the relationship-based investment strategy utilized by the Funds depends in substantial part upon the individual Adviser principals and their skill and expertise. However, there can be no assurance that all of the Adviser principals will continue to be associated with the Adviser throughout the life of a Fund or that replacements will perform well.

Future Investments Unspecified

In order to enable the Funds to invest opportunistically across asset classes, industries and geographical regions, and consistent with the Funds' organizational documents, the Funds have retained maximum flexibility in the types of investments that the Funds will be able to make. Investors in a Fund must rely solely on the Adviser with respect to the selection, amount, and character of investment and economic merits of each potential investment. No assurance can be given that a Fund will be successful in obtaining suitable investments or in achieving any of a Fund's objectives.

Long-Term Nature of Investment; Illiquidity

An investment in a Fund requires a long-term commitment, with limited liquidity opportunities and no certainty of return. The return of capital and the realization of gains and other income, if any, from an investment may not occur until a number of years after such investment is made, if at all. While an investment may be sold at any time, it is not generally expected that such disposition will occur for a number of years after the initial investment is made. The Adviser will have sole and absolute discretion in structuring, negotiating, purchasing, financing and eventually divesting investments on behalf of a Fund subject to the provisions of the Fund's organizational documents. It is anticipated that many of a Fund's investments will be structured with a longer maturity profile than is typical of private equity benchmarks, which may further delay liquidity realization.

Regulatory Risk

The Funds may invest in regulated portfolio companies that are subject to any number of governmental licenses, permits or other approvals. A Fund may need the consent or approval of applicable regulatory authorities in order to acquire particular portfolio companies. Such regulatory authorities may also be required to approve or consent to certain aspects of a Fund's sale of such investments. In addition, the adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have a material adverse effect on a Fund's portfolio investments. Such changes could necessitate the creation of new business models and the restructuring of investments to satisfy regulatory requirements, which may be costly and/or

time-consuming. In connection with the regulatory approval, licensing or review process for any portfolio company, disclosures and other undertakings may be required from or in respect of the existing or prospective owners of such portfolio company, potentially including a Fund or in turn the investors in such Fund. Additionally, failure to obtain, or a delay in obtaining, certain required permits or approvals could hinder operation of a portfolio company and result in fines or additional costs for such entity, which could have a material adverse effect on a Fund. Finally, investment in regulated portfolio companies may result in: (i) certain investors in the Fund being excused or excluded from participating in such investments in consultation with the Adviser as a result of the effects of such participation on such investors and/or the Fund, and/or (ii) limiting the Fund's ability to make other investments and/or take certain actions in connection with its investment activities.

Competitive Market for Investment Opportunities

The activity of opportunistically identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. While the Adviser believes that there are currently available attractive investments of the type in which the Funds intend to invest, there can be no assurance that such investments will continue to be available or that then available investments will meet a Fund's investment criteria as such availability generally will be subject to market conditions.

Limited Number of Investments; Lack of Diversity

Except as set forth in a Fund's organizational documents, a Fund is under no obligation to diversify its investments, whether by reference to the amount invested or the industries or geographical areas in which the investments are made. Accordingly, a Fund will participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single investment, although no single investment will total more than a certain percentage of capital commitments as set forth in the Fund's organizational documents. On any given investment, loss of all or a portion of the original amount of the investment is possible. Investors in a Fund have no assurance as to the degree of diversification in the Fund's investments, whether by geographic region, industry, asset or transaction type. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, a Fund expects to make a number of investments for which third party financing will be desirable but not necessarily available at the time of investment. There is significant risk that such financing may never become available, or that a refinancing will not be able to be completed on desirable terms. This could result in a Fund having a variety of unintended long-term investments and/or reduced diversification.

Leverage; Borrowing by the Fund or its Subsidiaries

A Fund may utilize leverage for short-term borrowing or otherwise for the purpose of paying Fund expenses and/or providing interim financing for portfolio investments prior to the making or payment of capital contributions, to the extent such leverage is available on appropriate terms and in accordance with the Fund's organizational documents. To the extent leverage can be

obtained and is utilized, such leverage will increase the exposure of an asset to adverse economic factors such as rising interest rates, further downturns in the economy or deterioration in the condition of the investment. A Fund will also be permitted to guarantee or provide credit support or similar assurances in respect of the obligations of its portfolio companies and, accordingly, the Fund may be materially and adversely affected by an event of default by any portfolio company in respect of any such obligations.

Contingent Liabilities on Disposition of Assets

In connection with the disposition of assets, an investment in a portfolio company or any other investment, a Fund may be required to make representations and warranties about the business and financial affairs and other aspects (such as environmental, property, tax, insurance and litigation) of itself and its assets, such portfolio company and/or its assets typical of those made in connection with the sale of a business or a portfolio of assets. A Fund also may be required to indemnify the purchasers of such assets or investments to the extent that any such representations and warranties are inaccurate or with respect to certain potential liabilities. These arrangements may result in the occurrence of actual and/or contingent Fund liabilities for which the Adviser may need to establish reserves or escrows. In that regard, investors in a Fund may be required to return amounts distributed to them to fund obligations of the Fund, including indemnity obligations, subject to certain limitations set forth in the Fund's organizational documents.

Investments Longer than Term

A Fund may make investments which may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the Adviser expects that investments will generally be disposed of prior to dissolution (or, failing that, be capable of in-kind distribution during dissolution), and due to the fact that the Adviser has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Reliance on Portfolio Company Management

Generally, a portfolio company's day-to-day operations are the responsibility of its management team. Although the Adviser is responsible for monitoring the performance of each investment and intends to invest in companies with proven management in place, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with a Fund's plans and/or objectives.

Uncertainty of Financial Projections

A Fund may rely upon projections developed by the Adviser or a portfolio company concerning the portfolio company's future performance, cash flow and operating results as well as projections prepared by third parties. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and the portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements, and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values and cash flow.

Additional Capital

Portfolio companies may require additional financing (including leverage) from sources outside a Fund to satisfy their capital requirements. The amount of additional financing needed will depend upon the business objectives and strategy of the particular company. The availability of capital may be a function of capital market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately its capital requirements or that additional funds will be available from the desired sources or from any sources or on terms favorable to the portfolio companies.

Market Dislocation

United States and international market and economic conditions have been, and continue to be, disrupted and volatile. These conditions have had broad regional, national and global economic ramifications, and the impacts of these conditions are continuing to unfold. Such conditions could materially and adversely impact a Fund in a variety of ways and may include impacts that cannot be anticipated at this time. Among other things, these conditions may materially and adversely affect (i) the ability of a Fund or its portfolio companies to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments; (ii) the ability or willingness of certain counterparties to do business with a Fund or its portfolio companies; (iii) a Fund's exposure to the credit risk of others in its dealings with various counterparties; (iv) consumer spending and demand for the products and services offered by portfolio companies; (v) growth opportunity for a Fund's investments; (vi) a Fund's ability to exit its investments at desired times on favorable terms or at all; (vii) availability of reliable insurance on favorable terms or at all; and (viii) the ability of a Fund's investors to meet their obligations to the Fund. There can be no assurance that national and global market and economic conditions will improve during the term of a Fund, and such conditions could continue to deteriorate materially and for an extended period of time. National concerns about future economic growth, rising unemployment, high oil prices, lower consumer sentiment, inflationary pressures, the adverse developments in the credit markets and mixed corporate earnings present significant challenges to the national and global economies and equity markets presently and in the future. Any of the foregoing could have a material adverse impact on a Fund.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various limited liability companies serve as general partners of the Funds, and the Adviser may serve as the managing member of such general partners. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Related Broker-Dealers

The owners of the Adviser also own BDT & Company, LLC (CRD No. 150459), a broker-dealer registered with the Securities and Exchange Commission. In addition, certain management persons of the Adviser are registered representatives or registered principals of BDT & Company, LLC. For a description of material conflicts of interest created by the Adviser's relationship with BDT & Company, LLC, as well as a description of how such conflicts are handled, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to every principal, partner or officer (or any person performing similar functions), or employee of the Adviser as well as every natural person (whether or not an employee of the Adviser) who is subject to the Adviser's supervision and control who (i) has access to nonpublic information regarding a Fund's purchase or sale of securities, (ii) is involved in making securities recommendations to a Fund, or (iii) has access to securities recommendations to a Fund that are nonpublic (collectively, "Adviser Personnel").

The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are required to file certain periodic reports with the Adviser's Chief Compliance Officer ("CCO") and to annually certify compliance with the Code of Ethics. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: cfeingold@bdtcap.com

Participation or Interest in Client Transactions

The Adviser and certain Adviser principals, officers, employees and affiliates of the Adviser may invest in the Funds, either through the general partners, as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

The Adviser and its related entities engage in a range of financial services activities, including investment activities for their own account. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, or other persons may invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as "co-investment vehicles," generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles may pay Advisory Fees or Carried Interest.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds;
- Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;

- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Conflicts

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various Funds and other persons (including, for example, individuals and entities that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions and/or individuals or entities acting as “co-sponsors” with the Adviser with respect to a particular transaction).

In recognition of its fiduciary duties, it is the policy of the Adviser to treat its clients fairly and equitably in the allocation of investment opportunities and transactions more generally. The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Restrictions may be set forth in the Fund’s organizational documents or in side letters. To the extent the Investment Allocation Requirements of a Fund do not include specific procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, which are briefly summarized below.

The Adviser must first determine which Funds will participate in an investment opportunity, based on the Fund’s investment objectives, strategies and structure, and any additional factors that may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to legal and regulatory exclusions. For example, the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds that will participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser may consider a wide range of factors, including but not limited to transaction sourcing, a Fund’s liquidity and reserves,

diversification, amount of capital available for investment by a Fund, the availability of other suitable investments, risk considerations, and any relevant limitations imposed by the Fund's offering and organization documents.

In making its allocations of investment opportunities among the Funds, the Adviser will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds.

Subject to any Investment Allocation Requirements, in general, (i) other than the Fund's general partner, which may participate in a co-investment pro rata to its commitment to the Fund, no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, and (iv) certain persons other than investors in the Funds may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds, and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' organizational documents/side letter agreements and as set forth in the following paragraphs.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations and such allocations may be more or less advantageous to some persons relative to other persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's organizational documents, the Adviser may consider such factors as it deems relevant in exercising such discretion. Subject to any restrictions in the organizational documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Adviser Investors or Third Parties to potentially acquire the interest being transferred.

The appropriate allocation between Funds and other persons of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser in accordance with the applicable organizational documents and the Adviser's policies and procedures governing the allocation of fees and expenses related to investment opportunities. There may be occasions when one Fund (the "Payor Fund") pays an

expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, Adviser principals and other personnel of the Adviser invest indirectly in and may be permitted to invest directly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Conflicts Related to Purchases and Sales

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company’s capital structure. Conflicts may arise in determining the terms of investments, particularly when these clients may invest in different types of securities in a single portfolio company.

Certain Funds may invest in securities of companies in which other Funds hold securities, including equity securities. Conflicts may arise in these circumstances, particularly where the underlying company is facing financial distress. For example, conflicts of interest may arise in determining: (i) whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced; and (ii) what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring. The involvement of Funds at both the equity and debt levels also could inhibit strategic information exchanges among fellow creditors, and Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser.

A conflict also may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. Employees and related persons of the Adviser and its affiliates have made or may make capital

investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment. The Adviser and its affiliates may receive management or other fees from the Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds.

To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds (e.g., the organizational documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's CCO, in consultation with the Adviser's Chief Investment Officer ("CIO"), and where appropriate the Fund advisory committee, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Fund where the Adviser may be deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the Funds, the Adviser and its affiliates do not anticipate engaging in principal transactions. The Adviser, however, has established certain policies and procedures to comply with the requirements of the

Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of the Funds

The Adviser manages Funds that may have investment objectives similar to each other. The Adviser may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*” above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the General Partner and the Adviser

The Adviser generally may, in its discretion, (i) contract with any related person of the Adviser (including a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds, and/or (ii) recommend to a Fund or a portfolio company thereof that it contract for services with the Adviser or a related person of the Adviser (including a portfolio company of a Fund) or an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. The Adviser may have an incentive to contract with or recommend the related or other person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, Adviser principals, officers and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. In addition, Adviser principals, officers and employees may buy securities in transactions offered to but rejected by Funds. Such transactions are subject to the policies and procedures set forth in the Adviser’s Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If Adviser principals,

officers and employees have made large capital investments in or alongside the Funds they may have conflicting interests with respect to these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so.

Additionally, as discussed above in Item 6, the general partners of many Funds are entitled to Carried Interest under the terms of the limited partnership agreements of such Funds. Such general partners are affiliates of the Adviser. The existence of the general partners' Carried Interest may create an incentive for the general partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services

As described in Item 5 above, the Adviser and its affiliates may perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. For example, BDT & Company, LLC, a registered broker-dealer and affiliate of the Adviser, may receive fees for performing certain financial advisory and transaction execution services to portfolio companies of the Funds, including the structuring and execution of merger, acquisition and private placement assignments and general financial and strategic advisory services. Such fees will be in addition to any Management Fees or Carried Interest paid by the Funds to the Adviser; however, as described in Item 5, the Adviser will in certain circumstances apply these fees to offset or reduce Fund related expenses. Additionally, a portfolio company may reimburse the Adviser for expenses (including without limitation travel expenses) incurred by the Adviser in connection with its performance of services for such portfolio company. This creates a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. The Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser and its affiliates will in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Entities other

than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and certain employees and affiliates of the Adviser invest alongside the Funds) may have a right to share in such fees, and Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

Diverse Membership

The investors in the Funds may have conflicting investment, tax and other interest with respect to their investments in the Funds. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations and the tax treatment of different Funds. In selecting and structuring investments appropriate for a Fund, the Adviser will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Business with Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where the Adviser may recommend portfolio company services to other portfolio companies. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill with the existing and prospective portfolio companies providing the products and services, while the products or services recommended may not necessarily be the best available to the other portfolio companies.

The Adviser may have an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. The Adviser may have an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

The Advisers and/or its affiliates may engage in business opportunistic arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company).

The Adviser has service providers, including for example, investment bankers, outside legal counsel and employee benefit consultants, who are investors in Funds and/or who provide services to businesses that are competitors of the Adviser. The Adviser may have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other

services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Positions with Portfolio Companies

Employees of the Adviser may serve as directors of portfolio companies. Such employees are required to remit any remuneration they may receive as directors to the applicable Funds. However, employees of the Adviser may leave the employment of the Adviser or its affiliates and become a director, officer or employee of a portfolio company, and not be required to remit any remuneration they may receive to the Funds.

Certain Brokerage Transactions

As described above in response to Item 10, BDT & Company, LLC, an affiliate of the Adviser, is a broker-dealer registered with the Securities and Exchange Commission and certain management persons of the Adviser are registered representatives or registered principals of BDT & Company, LLC. BDT & Company, LLC's primary business is to provide financial services to closely-held public and private companies and their principals and affiliates worldwide. BDT & Company, LLC may also act as a placement agent for the private placement of securities.

In the course of providing financial services, BDT & Company, LLC may engage in activities that could result in a conflict of interest between the financial service business and the Funds. The Adviser anticipates that some investment opportunities for the Funds may be sourced from clients of the financial services business. To the extent that a Fund makes a portfolio investment in, or associated with, a client of BDT & Company, LLC, the interests of the Fund and its investors could diverge from those of BDT & Company, LLC, giving rise to potential conflicts of interests. If BDT & Company, LLC is acting as a placement agent for a private offering of securities by one of its clients, and a Fund is a purchaser of those securities, BDT & Company will remit to the Fund, other than certain co-investment Funds, any fee in connection with that sale. BDT & Company, LLC may also earn fees for other advisory services from one or more companies in which a Fund is invested. The Funds may also face restrictions in the resale, hedging or other transfers of all or a portion of a portfolio investment due to the advisory business activities conducted by BDT & Company, LLC or information obtained in connection with such advisory business activities. Further, the Funds may be limited in accumulated further positions in portfolio investments due to the advisory business activities conducted by BDT & Company, LLC.

Other Potential Conflicts

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest.

Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required.

In its discretion, the Adviser may have or cause the Funds and/or their portfolio companies to have ongoing business dealings with persons who are former employees of the Adviser. Such Funds and portfolio companies may bear, directly or indirectly, the costs of these dealings. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

A Fund may invest in a pooled investment vehicle that is advised by, or that has another relationship with, the Adviser or its related persons. In such a case, investors in the Fund will bear not only the direct management fees and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

In the regular course of its financial services business, BDT & Company, LLC, an affiliate of the Adviser, provides a range of advisory services and represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to assets which may be suitable for investment by the Funds. In certain cases, BDT & Company, LLC's client may require BDT & Company, LLC to act exclusively on its behalf, thereby precluding the Funds from acquiring such assets. BDT & Company, LLC will be under no obligation to decline such engagements in order to make the investment opportunity available to the Funds.

The partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund's general partner, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable general partner or affiliate and the Fund acting as borrower.

The partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund's general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements which conflict with such limited partners' obligations to keep confidential certain business and trade secrets, for example, of portfolio companies or other limited partners associated with the Funds. The general partner may elect to withhold certain information to such limited partners for

reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

Item 12. Brokerage Practices

The Adviser anticipates certain Funds may invest in publicly traded securities from time to time. To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Funds, the Adviser has, subject to the direction of such Fund's general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities, if any, with market makers, the Adviser will generally seek to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's Director of Research, in consultation with the Adviser's CIO and Investment Committee, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser's principals. The Adviser may "pay up" (e.g., pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker-dealer's brokerage commission (i.e., soft dollars) for brokerage and research services in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. A broker-dealer providing

such brokerage and research services may receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful and of value to the Adviser in rendering investment advice to all or a significant portion of the Funds, or may be relevant and useful for the management of one or only a few Funds, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. The Adviser will only make securities transactions that it in good faith believes are in the best interest of the Fund. A conflict of interest exists when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that may charge lower commissions.

Aggregation of Trades

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Funds with orders for other Funds, or in which it or its affiliates have an economic interest. In such cases, the Adviser generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are substantially private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team composed of Adviser principals and other investment professionals on an on-going basis. The team provides reports to the Adviser's Investment Committee on a quarterly basis and will provide interim reports if a material change in a particular investment occurs.

Reporting

Investors in the Funds typically receive a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as quarterly financial reports within 75 days after each fiscal quarter end. The Adviser and the applicable general partner may from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s partnership committee or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the Adviser’s CIO for a voting decision. In most cases, the Adviser’s CIO will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the CIO is making the Voting decision, the CIO will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the CIO and CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Adviser’s Fund advisory committee as to the appropriate vote, who will then review the issues and arrive at

a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

All Voting decisions require a mandatory conflicts of interest review by the Adviser's CCO, which will include consideration of whether the Adviser, any investment professional or other person recommending how to vote, any affiliate of the Adviser or client has an interest in the Vote that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: cfeingold@bdtcap.com

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.