

Form ADV, Part 2A - Brochure

Item 1 – Cover Page

Southern Cross Management

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This Brochure provides information about the qualifications and business practices of Southern Cross Management (“SCM”). If you have any questions about the contents of this Brochure, please contact Gonzalo Alende Serra at 54-11-4816-5054 or via email at galendeserra@southerncrossgroup.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Additional information about SCM is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Not applicable. This Brochure is newly created as SCM was not previously required to register as an Adviser.

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Item 4 – Advisory Business

Our sole advisory business is providing investment advisory services to private equity funds that invest directly in operating companies. The private equity funds were originally formed by SCM and consist of closed-end partnerships that make value-oriented, control investments in Latin American companies which SCM believes have significant potential for improved performance and growth. The private equity funds are structured as limited partnership vehicles, in which investors are limited partners and an SCM-affiliate serves as the general partner.

SCM was formed in 2006 as an adviser, following the success of affiliate Southern Cross Capital Management, which was formed in 1998, with the same purpose. SCM is owned in equal parts by Covent Garden Holding LLC, Pinckney Capital Partners and South Bay Partners. SCM is controlled, through subsidiaries or other intermediate entities, none of which are publicly held, by Norberto Morita, Ricardo Rodriguez and Raul Sotomayor (collectively, the “Founders” or the “Directors”), who are also SCM’s three directors.

SCM has formed two funds: Southern Cross Latin America Private Equity Fund III, L.P. (“Fund III”) in December 2006; and Southern Cross Latin America Private Equity Fund IV, L.P. (“Fund IV”) in May 2010. Both Fund III and Fund IV (collectively, the “Funds”) are Ontario, Canada limited partnerships with a term of ten years. Fund III raised \$751 million and Fund IV raised \$1,681 million. The general partners of the Funds –Southern Cross Capital Partners III, L.P. and Southern Cross Capital Partners IV, L.P. (the “General Partner of Fund III” and the “General Partner of Fund IV”, and collectively the “Funds’ General Partners”) are also Ontario, Canada limited partnerships and both of them are controlled by SCM’s directors. Fund III and Fund IV are SCM’s sole clients.

In addition to SCM, Mssrs. Morita, Rodriguez and Sotomayor have been affiliated with a related entity, Southern Cross Capital Management (“SCCM”) since 1998. SCCM formed two other funds, preceding Fund III and Fund IV: Southern Cross Latin America Private Equity Fund, LP (“Fund I”) in 1998 and Southern Cross Latin America Private Equity Fund II, L.P. (“Fund II”) in 2003.

The strategy of Fund I, Fund II, Fund III and Fund IV (the “Southern Cross Funds”) has remained the same since 1998: to make private equity buyout investments in Latin America. The Southern Cross Funds were established based on the Founders’ shared history of value creation and fundamental belief that private equity investing in Latin America cannot succeed based solely on a financial engineering model. In Southern Cross’ view, the ability to consistently generate attractive investment returns requires (i) extensive local operating and transactional experience; (ii) the ability to create “genuine” long-term, sustainable value through improved operating performance and strategic direction; (iii) the ability to identify, recruit, and work closely with talented local managers; and (iv) a conservative, disciplined approach to pricing and leverage. In order to achieve this, Southern Cross makes investments in concentrated portfolios that enable it to devote substantial time to each of the companies, and only in control investments as a way to

ensure that the changes required are enacted and that decision for the timing to exit an investment is not handed over to third parties.

Each of the Funds is governed by a limited partnership agreement ("LPA"). Pursuant to each LPA, the management, control and operation of the Funds and the formulation of investment policy is vested exclusively in each Fund's General Partner. Therefore, each Fund's General Partner has full authority to undertake the business purpose of the Funds, which according to their LPAs, consist of i) making directly or indirectly through affiliates or other entities equity and equity-related investments in Latin America (or outside of Latin America if the General Partner believes that the investment has potential for significant business in Latin America); and ii) managing, owning, supervising, selling and disposing of the investments. The limited partners do not participate in the management or control of the Funds. The LPAs contain certain investment restrictions that are determined at the time the Funds are formed.

Each General Partner, as provided for in each Fund LPA, entered into a Management and Advisory Agreement with SCM solely in order for SCM to provide advice to the General Partner relating to the Fund. As a consequence of this, SCM is essentially the advisor to Fund III and Fund IV. In addition, under certain circumstances, the Funds may decide to excuse certain limited partners from making capital contributions to specific investments, and instead require them to contribute their otherwise due amounts to specific investments outside of the Fund as co-investors, using alternative investment vehicles ("Alternative Investment Vehicles"). Governance of these Alternative Investment Vehicles is entirely bestowed on the Fund's General Partner, or on one or more affiliates of the General Partner, and the investment decisions for the Alternative Investment Vehicles are identical to those for the Fund with which the Alternative Investment Vehicle has co-invested.

As of December 31, 2011, SCM has \$2,518,560,631 in discretionary assets under management. SCM does not manage any client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Each General Partner receives an annual management fee to cover administrative, management, investment management, and supervisory services it provides to its respective Fund, and the General Partner in turn pays the management fee to SCM. Management fees are established in the LPA, pursuant to negotiations with the limited partners of each Fund. The annual management fees are generally 2.0% of committed capital of the Fund, with a reduction at the end of the Fund's commitment period to an annual management fee of 1.5% of invested capital that has not been realized or written off, subject to certain caps and adjustments as set forth in each Fund's LPA.

Management fees are payable on an estimated basis by the Fund less than semi-annually in advance. The fees are funded by capital calls to the investors and deducted from the investor's capital account in the Fund. At the end of each fiscal year any overpayments are

refunded to the Fund as soon as practical. SCM generally does not collect fees related to portfolio transactions or other services provided to portfolio companies, but to the extent any such fees were to be charged, all such fees (or, in the case of Fund III, specified percentages of such fees) are required to be offset against the applicable Fund's management fee.

SCM employs the compensation received as management fees to i) compensate the members of the Funds' Investment Committee, which consists of the Founders, along with Horacio Reyser and Sebastian Villa; and ii) to retain the services of consulting and other services firms for the identification of investment opportunities, market research, investment assessment, board representation, bookkeeping and investor relation support, solely in relation to the Funds. These business consulting firms (the "Affiliate Consultants") are controlled by certain members of the Funds' General Partners, including Gonzalo Dulanto, Cesar Perez Barnes, Rodrigo Lowndes, Angel Uribe and Gonzalo Alende Serra (collectively with the Investment Committee members, "SC's Members").

The Funds incur operating expenses, including legal, auditing and accounting expenses and transaction-related costs, and potentially could incur brokerage costs (see Item 12, Brokerage Practices). The Funds may also pay a performance-based fee which is described in Item 6, Performance-Based Fees and Side-By-Side Management.

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

In addition to the management fee described above, the General Partner of each Fund may receive a performance fee from the Fund, calculated as a share of the net profits of that Fund, based on a percentage of such profits, which may vary from Fund to Fund, and which was established in negotiations with the limited partners of each Fund. The performance fee is charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940. The performance fee is allocated to the capital account of the General Partner.

This performance fee is a typical feature of private equity funds and is commonly referred to as "carried interest." The payment of the carried interest is set forth in each Fund LPA and is generally 20% of net cash profits, but is only paid if cumulative distributions to the investors have exceeded the sum of the investor's contributed capital for the investment plus a minimum defined investor return on that capital (known as a "preferred return"). Carried interest is calculated and payable based on individual investment transaction profits.

The allocation of carried interest to the General Partner may create an incentive for the General Partner to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, this incentive may be tempered somewhat by the fact that losses will reduce the Fund's performance and thus the General Partner's carried interest. SCM is not paid any carried interest or performance-based fee.

SCM and the General Partner only manage the Funds, which all have similar performance-based fees payable to the General Partner, so that all clients are charged similar types of fees.

Item 7 – Types of Clients

SCM provides investment advice and portfolio management services solely to the Funds. The following types of institutions may invest in the Funds: sophisticated institutional investors, primarily public employee retirement and deferred compensation plans, corporate pension and profit sharing plans, family offices, university endowments, insurance companies, other pooled investment vehicles, municipalities, private investment funds, sovereign funds, insurance companies, charitable organizations, foundations, and other U.S. and international institutions. In addition, certain brokers, high net worth individuals, banks, trust companies, and investment advisers may be Fund participants. Persons affiliated with SCM and its affiliates may also invest in the Funds.

Each Fund has a minimum investment requirement, which was \$5 million for Fund III and \$10 million for Fund IV, which amount may be waived by the Fund's General Partner in its sole discretion. Investors in the Funds either must be "accredited investors" and "qualified clients" as defined under U.S. securities laws, or must be non-U.S. persons.

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

METHODS OF ANALYSIS & INVESTMENT STRATEGIES

SCM seeks to generate superior private equity returns by working closely with talented local managers to attempt to dramatically improve their companies' operating performance and strategic direction. While always having a well-defined target holding period, SCM employs a long-term ownership mentality and manages its portfolio companies as though it was a strategic player. As such, SCM is not interested in making short-term "cosmetic" improvements (i.e., increasing EBITDA by slashing sales and marketing budgets, reducing investments in plant, property, and equipment, etc.), but rather in making real, sustainable improvements to its companies' underlying businesses. By leveraging its team's extensive operating, consulting, restructuring, and turnaround experience, SCM seeks to create "genuine" value that is easily identifiable by strategic buyers as well as the public markets.

SCM's investment process has four basic stages:

- Origination and preliminary evaluation
- Due diligence and strategy development
- Strategy execution
- Exit and value realization

Origination and Preliminary Evaluation

SCM believes that its reputation has placed it at the top of the list of potential buyers for any group or individual that is selling a significant asset in Latin America. SCM also benefits from substantial deal flow resulting from the principals' extensive networks developed over the past 25+ years in Latin America. Once identified, opportunities are subject to SCM's disciplined screening process that establishes which investments warrant substantial commitment of additional time and resources. SCM focuses exclusively on those opportunities where it believes it can leverage the principals' extensive transactional, operating, and turnaround experience to create or unlock significant value.

Due Diligence and Strategy Development

SCM has the capacity to complete comprehensive due diligence under tight time constraints due to its vast network of industry experts and extensive transactional experience in the region. SCM also has a unique ability to recognize opportunities to "unlock" value that may be obscured due to the complexities associated with a transaction or a company's poor operational and financial management. SCM's disciplined evaluation process follows two separate but critical paths. The first path includes confirming historical performance, evaluating potential risks and developing an appropriate transaction structure. During the due diligence process, the principals meet at least once a week to discuss the transaction and identify areas that require additional analysis or to modify the agreed upon due diligence approach. A maximum of two principals will take the "lead" on any transaction with the remaining principals playing the role of "devil's advocate" or assisting in specific aspects of the transaction. The second path is a strategic review, which occurs simultaneously and includes a comprehensive analysis of the ways in which value can be created through improved operations and strategic direction.

Before closing a transaction, SCM, along with management, develops a detailed medium-term strategic plan as well as a short-term operational plan, designed to help each company reach its full potential in terms of profitability, growth and utilization of capital. Upon completion of due diligence and the development of a strategic plan, every transaction is formally presented to the investment committee of the relevant Fund's General Partner, which seeks to make all investment decisions unanimously.

Strategy Execution

SCM believes that investment returns are maximized by intensive, hands-on management of portfolio companies and that strategic, financial and operating plans are only valuable if they are implemented, monitored and frequently updated. SCM does not manage the day-to-day operations of its portfolio companies; however, it is actively involved in the business decisions that it believes are critical to generating significant incremental value. SCM is particularly active with its portfolio companies in the pre-closing period and during the first six to twelve months after its initial investment. While specific strategies are developed on a case-by-case basis, SCM consistently seeks to:

- Focus on managerial excellence
- Implement cost controls and operational improvements

- Identify opportunities to drive growth
- Establish independent board of directors

Exit and Value Realization

SCM requires that all of its investments have a clearly defined exit strategy prior to completing a transaction. SCM has demonstrated its keen understanding of the exit environment in Latin America by successfully repositioning its portfolio companies and realizing significant value for its investors through (i) trade sales to strategic or financial buyers; (ii) initial or subsequent public offerings; and (iii) cash dividends/recapitalizations.

Temporary Investments

Cash held by a Fund is usually temporarily invested in interest or non-interest bearing bank accounts, and on occasion is invested in high quality short-term money market instruments, including Treasury bills, commercial paper, and money market accounts.

RISKS

PRIVATE EQUITY INVESTING INVOLVES RISK OF LOSS, INCLUDING RISK OF LOSS OF THE ENTIRE INVESTMENT THAT INVESTORS IN THE FUNDS SHOULD BE PREPARED TO BEAR. THE FUNDS' GENERAL PARTNERS CANNOT PROVIDE ASSURANCE THAT IT WILL BE ABLE TO CHOOSE, MAKE AND REALIZE INVESTMENTS IN ANY PARTICULAR COMPANY OR PORTFOLIO OF COMPANIES. THERE CAN BE NO ASSURANCE THAT THE FUNDS WILL BE ABLE TO GENERATE RETURNS FOR ITS LIMITED PARTNERS OR THAT THE RETURNS WILL BE COMMENSURATE WITH THE RISKS OF INVESTING IN THE TYPES OF COMPANIES THAT THE FUNDS WILL BE TARGETING. THERE CAN BE NO ASSURANCE THAT ANY LIMITED PARTNER WILL RECEIVE ANY DISTRIBUTION FROM THE FUNDS. ACCORDINGLY, AN INVESTMENT IN THE FUNDS SHOULD ONLY BE CONSIDERED BY PERSONS THAT CAN AFFORD A LOSS OF THEIR ENTIRE INVESTMENT. PAST ACTIVITIES OF INVESTMENT ENTITIES ASSOCIATED WITH THE PRINCIPALS OR THEIR AFFILIATES PROVIDE NO ASSURANCE OF FUTURE SUCCESS.

The following list of risk factors does not purport to be a complete enumeration of the risks involved in an investment in the Funds. In addition, as the Funds' investment program develops and changes over time, an investment in the Funds may be subject to additional and different risk factors. **As Fund III and Fund IV are both closed to new investors, however, we do not plan on updating these risk factors until such time as a subsequent fund is formed and is seeking new investors.**

Difficult Economic Environment and Unfavorable Market Conditions

Current economic uncertainty and unfavorable market conditions, including the extreme volatility and illiquidity of certain investments, could materially adversely affect the investments made by the Funds. These factors are outside of the Funds' control and as a

result, the Funds may not be able to manage its exposure to these conditions. Recent developments in the global financial markets have illustrated that the current environment is one of extraordinary and unprecedented uncertainty for investment management businesses. In addition, a further downturn or contraction in the economy or in certain industries or geographic regions, including Latin America, may restrict the availability of suitable investment opportunities for the Funds or negatively impact their ability to liquidate any such investments, each of which could prevent the Funds from meeting their performance objectives.

The Funds' General Partners are unable to predict when economic and market conditions may become more favorable. Market conditions could negatively impact the ability of the Funds to exit their existing or future investments, or the terms on which any such investments are disposed of, which could materially, negatively impact the investment performance of those funds.

Current Financial Market Developments May Adversely Affect the Funds' Access to Capital and their Overall Performance

Dramatic declines in asset values held by financial institutions over the past two years have resulted in significant write-downs. These write-downs, from mortgage-backed securities to credit default swaps and other derivative securities, in turn have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and investors have ceased to provide funding to even the most credit-worthy borrowers or to other financial institutions. The resulting lack of available credit and lack of confidence in the financial markets could materially and adversely affect the Funds' investment returns or their access to capital. In connection with these events, the Funds' ability to borrow from financial institutions on favorable terms or at all could be adversely affected by continuing or further disruptions in the capital markets or other events.

Highly Competitive Market for Investment Opportunities Generally

The activity of identifying, completing and realizing of attractive investments is highly competitive and involves a significant degree of uncertainty. The Funds will be competing for investments with many other investment vehicles, as well as individuals, financial institutions, investment managers, industrial groups, merchant banks and other institutional investors. Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur (resulting in larger funds and vehicles). There can be no assurance that the Funds will be able to locate, complete and exit investments that satisfy the Funds' objectives or realize the value of such investments.

Difficulty of Identifying Attractive Investments

The availability of investment opportunities generally will be subject to the prevailing regulatory or political climate in the region, as well as to market conditions. In addition, the business of identifying and structuring investments of the types contemplated by the Funds is highly competitive and involves a high degree of uncertainty. Accordingly, there can be no assurance that the Funds will be able to identify and complete attractive investments in the future, or that it will be able to invest fully its committed capital.

Risk of Limited Number of Investments; Lack of Diversity

Pursuant to the Funds' investment policies, the Funds currently plans to invest in companies headquartered primarily in South America, Mexico and Central America. In addition, the Funds may invest up to 20% of the limited partners' capital commitments in non-Latin American issuers. Despite the Funds' General Partners' intent to diversify the Funds by investing in a variety of companies, the Funds may ultimately participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single investment. Additionally, the investors can have no assurance as to the degree of diversification in the Funds' investments, either by region or industry. As a result, the value of the Funds' investments and its capital and profitability may be materially affected by a single adverse political or economic event in Latin America.

Risk of Controlling Interests in Portfolio Companies

Pursuant to the Funds' investment policies, the Funds are expected to have a controlling interest in the majority of the portfolio companies in which they invest. Control over the Funds' portfolio companies may result in additional risks and potential liability for economic or other damages relating to the activities of the portfolio companies, including environmental liability or liabilities to governmental regulators. Furthermore, unsupervised management of portfolio companies could take actions that could expose the Funds to potential liability, and as a result the Funds could incur a significant loss.

Risks from Greenfield Opportunities

As part of Southern Cross' investment strategy, the Funds may make investments in development projects or greenfield opportunities. Development projects and acquisitions require Southern Cross to spend significant sums for engineering, permitting, legal, financial advisory and other expenses in preparation for competitive bids that it may not win or before it determines whether a development project is feasible, economically attractive or capable of being financed. These activities consume a portion of the principals' focus and could increase the Funds' leverage or reduce its returns. In addition, the financing required to complete greenfield projects may not be available when needed, and if they are not, Southern Cross may have to abandon these projects or invest more of its own funds which

may not be in line with the Funds' investment objectives and would leave less funds for other investments and development projects.

Risks from Buy-and-Build Opportunities

The Funds may make investments in start-up businesses or "buy-and-build" opportunities. Investments in less developed businesses may involve greater risks than generally are associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues and any such investment should be considered highly speculative and may result in the loss of the Funds' entire investment therein.

Unspecified Investments

Investors must rely on the Funds' General Partners to make all portfolio investment decisions and will not have the opportunity to independently evaluate any investments.

Limited Liquidity

It is anticipated that there will be a significant period of time (approximately five years) before the Funds will have completed their investments in portfolio companies. Such investments are expected by the General Partner to take from three to six years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Therefore, the Funds' General Partners anticipate a long time period between the initial capitalization of the Funds and the time when the limited partners may receive distributions, if any.

It is currently expected that the Funds will invest primarily in the equity securities of private companies. As a result, there generally will be limited or no marketability of the Funds' investments, and such investments may decline in value while the Funds are seeking to dispose of them. Furthermore, the Funds may find it necessary to sell investments at a discount or to sell over extended periods of time when disposing of their portfolio investments. Therefore, it is expected that the Funds' investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such investments will depend upon many factors beyond the control of the Funds' General Partners.

Investments Longer than Term

The Funds may invest in investments that may not be advantageously disposed of prior to the date that the Funds will be dissolved, either by expiration of the Funds' term or otherwise. Although the Funds' General Partners expect that investments will either be

disposed of prior to dissolution or be suitable for in kind distribution at dissolution, the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Investments in Latin America

The Funds' General Partners intend to make investments for the Funds primarily in a number of different countries in Latin America. The Funds' investments will be subject to the direct and indirect consequences of political, economic and social factors and other uncertainties, including the risks of expropriation, nationalization, renegotiation or nullification of existing contracts, changes in taxation policies, currency exchange restrictions and political instability in the countries in which it invests. Some of the countries in the region face varying degrees of social and political instability, have experienced high rates of inflation in recent years and have extensive external debt. Political changes or a deterioration of a country's domestic economy or balance of trade may indirectly affect the Funds' investment in a particular company in such country. It also may be difficult to obtain and enforce a judgment in a local court. Described herein are certain significant risks specific to these investments. In addition, in the case of investments in foreign assets, any fluctuation in currency exchange rates will affect the value of the investments.

The Funds' General Partners will analyze information with respect to political and economic environments and the particular legal and regulatory risks before making investments, but no assurance can be given that a given political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Funds.

Risks From the Economic Conditions in the Countries in which the Funds Invest

The vast majority of the Funds' portfolio companies are located in emerging markets, and as a result, the Funds' investment returns are largely impacted by economic conditions in the countries in which those portfolio companies operate. Many of these countries have a history of economic instability. The Funds' results may be to a large extent dependent upon the overall level of economic activity and political and social stability in these emerging markets. Should economic conditions deteriorate in these countries or in emerging markets generally, the Funds' investment returns may be adversely affected.

Inflation in the Countries in which the Funds Invest

In the past, high levels of inflation have adversely affected the economies and financial markets of some of the countries in which the Funds invest and the ability of their governments to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. Future governmental economic measures, including interest rate increases, intervention in foreign exchange markets and actions to

adjust or fix currency values, may trigger or exacerbate increases in inflation, and consequently have an adverse impact on the Funds' returns.

Political/Sovereign Risk

Governments of some countries in Latin America have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest, such as energy and utility companies. The policies set by these companies could have a significant effect on economic and market conditions in some countries. Moreover, the economies of these countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. There is the possibility of nationalization, expropriation or confiscatory taxation, political changes, changed or increased government regulation, economic or social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Funds' investments in those countries.

In addition, the interdependence of economies in some Latin American countries has deepened over the years, with the effect that economic difficulties in one country often spread throughout the region. No assurance can be given that the Funds' portfolio will not be adversely affected by effects in countries outside of where investments are located.

Investment and Repatriation Restrictions

Some countries have laws and regulations that currently limit or preclude direct foreign investment or may increase the costs and expenses of the Funds. Prior government approval for foreign investments may be required under certain circumstances, and the process of obtaining these approvals may require a significant expenditure of time and resources. Repatriation of investment income, capital and the proceeds of sale by foreign investors may require governmental registration and approval in some countries.

Investments by the Funds may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. In addition, foreign governments from time to time impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities transfers or the imposition of exchange controls making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable for the Funds to distribute the amounts realized from such investment at all or may force the Funds to distribute such amounts other than in U.S. dollars, and therefore a portion of the distribution may be made in foreign securities or currency.

Legal Framework and Corporate Governance

Laws and regulations of some countries may impose restrictions that would not exist in the United States, may lack certain protections provided by U.S. law or may not be fully or consistently enforced, particularly where the other party to a dispute with the Funds is a local resident or entity. In addition, many countries provide inadequate legal remedies for breaches of contract, including settling disputes with local partners with whom the Funds enter into joint ventures.

Currency Risk

The Funds' investments are likely to be denominated in local currencies. The Funds will maintain their books and intend to pay distributions in U.S. dollars. Accordingly, fluctuations in exchange rates between the U.S. dollar and the relevant local currencies will directly affect the value of the Funds' investments and the ultimate rate of return realized by the limited partners. Several Latin American countries have had in the past dramatic fluctuations in their currency exchange rates, including large devaluations against the U.S. dollar. In addition, exchange controls have, from time to time, been implemented. There can be no assurances that there will not be a recurrence of such fluctuations or exchange controls in the currency exchange rates of any of the countries in which the Funds intend to invest. In addition, the Funds may incur costs or delays in connection with conversions between various currencies. The Funds' General Partners will evaluate the use of currency hedging arrangements to mitigate the risk of currency fluctuations and may cause the Funds to enter into such arrangements. To the extent the Funds decide to enter into hedging arrangements to mitigate this risk, there can be no assurance that such arrangements will be available, effective or sufficient to cover such risk. See also "Hedging Policies/Risks."

Quality of Financial Reporting

Financial reporting and financial information at the enterprise level is often not as reliable in the countries in which the Funds invest as can be expected in other more developed regions. While there is a trend toward improved financial reporting by companies and increased enforcement of statutes concerning financial and tax reporting, there can be no assurance that the financial information can be made as reliable as in other regions.

Risks Arising from Provision of Managerial Assistance

The Funds will seek the right to designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Funds to claims by a portfolio company, its security holders and its creditors. While the Funds' General Partners intends to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Risks in Making Operating Improvements

In some cases, the success of the Funds' investment strategy will depend, in part, on the ability of the Funds to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements in portfolio companies entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such restructuring programs and improvements.

Contingent Liabilities upon Disposition

In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Funds.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments.

Non-U.S. Investments

Investing in non-U.S. companies involves certain factors not typically associated with investing in U.S. companies, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. dollar currencies in which the Funds' non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (iii) the possible imposition of local taxes on income and gains recognized with respect to such investments.

Reliance on Management

Although most of the principals of the Funds' General Partners have been working in association for over ten years, Fund III was organized in 2006 and Fund IV was organized in 2010. The Funds are subject to many of the business risks and uncertainties associated with any new business, including the risk that the Funds will not achieve their investment

objective. SCM was organized in 2006, the General Partner of Fund III was organized in 2006 and the General Partner of Fund IV was organized in 2010. While the individuals beneficially owning the Funds' General Partners and SCM have extensive experience in originating, structuring, monitoring and disposing of investments of the type the Funds propose to make, there can be no assurance of the success of such investments. The successful investment of the Funds' assets will depend upon the skills of the Funds' General Partners and SCM and in particular Messrs. Norberto Morita, Ricardo Rodriguez, Raúl Sotomayor, Horacio Reyser and Sebastián Villa. The loss of the services of any of these individuals could have a material adverse effect on the Funds, its ability to manage its investments and its prospects. The limited partners will not make decisions with respect to the acquisition, management, disposition or other realization of any investment or, except under certain limited circumstances, any other decisions regarding the Funds' business and affairs.

The Funds' Leverage

The Funds may utilize leverage to finance the Funds' investments. The use of leverage involves a high degree of financial risk and will increase the exposure of the investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investments. In addition, borrowings by the Funds may be secured by the capital commitments of the limited partners as well as by the Funds' assets. The possibility exists that the Funds may be forced to liquidate an investment in order to make interest or other payments in fulfillment of the Funds' obligations with respect to any borrowings made by the Funds.

Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The Funds' investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase the portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds may suffer a partial or total loss of capital invested in the portfolio company.

Hedging Policies/Risks

In connection with the financing of certain investments, the Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for

the Funds than if they had not entered into such hedging transactions. See also "Investments in Latin America - Currency Risk."

Bridge Financings

From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis. Such bridge loans would typically be refinanced with a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

No Market for Limited Partnership Interests

Limited partners will not be permitted to transfer their interests without the prior written consent of the Funds' General Partners, which consent may be permitted or withheld in the Funds' General Partners' sole discretion. There is not and will not be a public market for the interests. Limited partners therefore will generally be unable to liquidate their investment in the Funds during the term of the Funds. The current term of the Funds is ten years, which term may be extended by the Funds' General Partners as set forth in the LPAs. Even upon liquidation, limited partners may receive securities that may not be resold without registration under, or exemption from, applicable securities laws. In addition, all certificates representing interests will bear substantially the following legend:

"The Limited Partner Interests represented by this certificate have not been registered under the Securities Act of 1933 or applicable state and other securities laws and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred without compliance with the Securities Act of 1933 or any exemption thereunder and applicable state and other securities laws. The Limited Partner Interests represented by this certificate are subject to, and are transferable only in compliance with, the Amended and Restated Limited Partnership Agreement of Southern Cross Latin America Private Equity Fund [III/IV], L.P. (the "Limited Partnership Agreement"), as the same may be amended from time to time and with the *Limited Partnerships Act* (Ontario), and, to the extent applicable to the Partnership, the *Partnerships Act* (Ontario), in each case as the same may be amended from time to time, and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred except in compliance with the Limited Partnership Agreement and with the *Limited Partnerships Act* (Ontario), and, to the extent applicable to the Partnership, the *Partnerships Act* (Ontario), in each case as the same may be amended from time to time. A copy of the Limited Partnership Agreement is on file at the registered office of the Partnership."

Failure to Make Capital Contributions

If a limited partner fails to pay when due installments of its capital commitment, additional contributions may be required to be made by non-defaulting limited partners. In addition, if the contributions made by non-defaulting limited partners and borrowings by the Funds are inadequate to cover the defaulted capital contribution, the Funds may be unable to pay their obligations when due. As a result, the Funds may be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners). If a limited partner defaults, it may be subject to various remedies as provided in the LPAs of the Funds including, without limitation, reductions in its capital account balance and any other legal remedy that the Funds may have in respect of such default.

Dilution from Subsequent Closings

Investors subscribing for interests after the initial closing will participate in existing investments of the Funds, diluting the interest of existing limited partners therein. Although each such investor will be required to pay its allocable portion of capital contributions for portfolio investments completed after the initial closing but prior to such investor's admission date (plus an additional amount to account for expenses) and interest thereon, there can be no assurance that this payment will reflect the fair value of the Funds' existing investments at the time such additional investors subscribe for interests.

Indemnification

The Funds will be required to indemnify the Funds' General Partners and its affiliates, and their respective officers, directors, agents, stockholders, members and partners for liabilities incurred in connection with the affairs of the Funds. Such liabilities may be material and may have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the members, managers or affiliates of the Funds' General Partners may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unpaid capital commitments of the limited partners. If the assets of the Funds are insufficient, or if the indemnification obligation of the Funds arises after the term of the Funds, the Funds' General Partners under certain circumstances may recall a portion of the distributions previously made to the limited partners.

Loss of Limited Liability

Although the LPAs provide that limited partners will have no right to participate in the management of the Funds or to make any decisions with respect to the investments to be made by the Funds, limited partners may lose their limited liability protections under the *Limited Partnerships Act* (Ontario), as amended, which is the statute under which the Funds have been formed, in certain circumstances. Such Act provides that a limited partner of a partnership may lose the protection of his, her or its limited liability and be liable as a

general partner if (i) in addition to exercising rights and powers as a limited partner, the limited partner takes part in the control of the business of the partnership; or (ii) the surname or a distinctive part of the corporate name of the limited partner appears in the name of the partnership unless it is also the surname or distinctive part of the corporate name of one of the general partners of the partnership. In addition, if the record of limited partners of the partnership contains a false or misleading statement, any person suffering a loss as a result of relying upon the statement may hold liable, among other persons, every limited partner of the partnership who became aware that the statement was false or misleading and failed within a reasonable time to take steps to cause the record of limited partners to be corrected.

Although the provisions of the LPAs state that no Limited Partner shall take part in the control of the business of the Funds, whether a Limited Partner, in exercising its rights under the LPAs or otherwise, is thereby taking part in the control of the business of the Funds (albeit not contemplated by the LPAs) will be a question in fact under the law of Ontario, Canada.

The estate of a deceased Limited Partner is liable for all of the liabilities of the Limited Partner as a limited partner.

Liability for Return of Distributions

Generally, the limited partners do not have personal liability for the obligations of the Funds so long as they do not lose limited liability as discussed above in “Loss of Limited Liability”. A Limited Partner will, however, be liable to the Funds for the difference, if any, between the value of money and other property that such Limited Partner actually contributes to the Funds (being its capital contribution as described in the LPAs) and the value of money or other property as stated in the record of the limited partners of the Funds, required to be maintained under the *Limited Partnerships Act* (Ontario), as being contributed or to be contributed by the Limited Partner to the Funds (such amount to be shown being the capital commitment of the Limited Partner described in the LPAs).

In addition, where the Limited Partner has received the return of all or part of his, her or its capital contribution, the Limited Partner is nevertheless liable to the Funds or, where the Funds are dissolved, to its creditors, for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Funds to all creditors who extended credit or whose claims otherwise arose before the return of the capital contribution. Under the *Limited Partnerships Act* (Ontario), a Limited Partner would also hold as trustee for the Funds (i) specific property, if any, stated in the LPAs as contributed by the limited partner, but which has not in fact been contributed or which has been returned contrary to such Act, and (ii) money or other property paid or conveyed to the limited partner on account of the limited partner's capital contribution contrary to such Act.

Tax Risks

In judging whether to invest in the Funds, a prospective investor should consider the tax consequences thereof which include, among others, (a) the possibility that the Funds may generate taxable income to the partners in an amount greater than cash available for distribution and (b) the possibility of adverse changes in the relevant tax laws.

Taxation of Carried Interest

Legislation has been introduced in the U.S. Congress that, if enacted, may increase the U.S. Federal income tax liability of individual recipients of the Funds' carried interest. It is not certain whether such legislation, or any other legislation that negatively impacts the tax treatment afforded to recipients of carried interest, will be enacted. Any actions taken by the Funds' General Partners to address changes in legislation relating to the taxation of the income of the Funds' General Partners could be distracting to the Funds' General Partners and could require significant time and attention from the principals and other individuals responsible for the investment activities of the Funds. In addition, any changes in legislation relating to the taxation of the income of the Funds' General Partners could make it more difficult for the Funds' General Partners to retain or attract individuals to manage the investment activities of the Funds.

Taxation in Certain Jurisdictions

The Funds or the limited partners may be subject to income or other tax in the jurisdictions in which investments are made or in which vehicles through which its investments are realized. Additionally, withholding tax or branch tax may be imposed on earnings of the Funds from investments in such jurisdictions. Local and other tax incurred in non-U.S. jurisdictions by the Funds or vehicles through which they invest may not be creditable to or deductible by a limited partner under the tax laws of the jurisdiction where such limited partner resides, including the United States.

Each investor is advised to consult its own tax adviser as to the United States or other tax consequences of an investment in an Interest, including the effect of any state, local or foreign tax laws.

U.S. Internal Revenue Service Circular 230 Disclaimer: To ensure compliance with IRS Circular 230, each investor is hereby notified that: (a) any discussion of U.S. federal tax issues herein has been included by the Funds' General Partners in connection with the promotion or marketing (within the meaning of Circular 230) by the Funds' General Partners of the transactions or matters addressed herein; (b) any such discussion is not intended or written to be used, and cannot be used, by such investor for the purpose of avoiding penalties that may be imposed on such investor under the Code; and (c) each such investor should seek advice based on their particular circumstances from an independent tax advisor.

ERISA Risks

There can be no assurance that the Funds' General Partners has structured, or can structure, the Funds to adequately address any issues that may arise for pension, profit-sharing or other employee benefit plans ("ERISA Plans") that may invest in the Funds. Fiduciaries of ERISA Plans considering investing in the Funds should make their own determinations as to the prudence of an investment in the Funds in light of the high risk investments that the Funds intend to make and the limitations on the marketability of interests. In considering an investment in the Funds, the fiduciaries of an ERISA Plan should carefully review the plan documents and other facts and circumstances applicable to that plan to make certain that they have the authority to make an investment in the Funds under the appropriate plan investment policies and governing instruments and under Title I of ERISA. An investment in the Funds by an ERISA Plan or a plan subject to Section 4975 of the Code ("IRC Plans") could violate (i) ERISA requirements regarding control over or responsibility for "plan assets", (ii) prohibitions in ERISA and the Code relating to an ERISA Plan or an IRC Plan engaging in certain "prohibited transactions", and (iii) other provisions in ERISA dealing with "plan assets". Violation of these requirements could result in liability for breach of fiduciary duty, disqualification from future fiduciary service, excise taxes and other adverse consequences to the ERISA Plan fiduciaries.

Other Regulatory Concerns

The Funds' General Partners believes that the nature of the Funds will not subject them to the registration requirements of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). However, there can be no assurance that the Funds will not be subject to the registration requirements of the Investment Company Act in the future. The performance of the Funds' investment portfolio could be materially adversely affected, and risks involved in financing developing companies could substantially increase, if the Funds or the Funds' General Partners become subject to the compliance requirements of the Investment Company Act. Neither the Funds nor its counsel can assure investors that, under certain conditions, changing circumstances or changes in the law, the Funds may not become subject to the Investment Company Act or similar law in the future.

Potential Conflicts of Interest

Certain factors may give rise to conflicts of interest between the Funds' General Partners and their affiliates, on the one hand, and the limited partners, on the other hand.

The Funds

The Funds may be subject to certain conflicts of interest arising out of their relationship with the Funds' General Partners and their affiliates, including Fund I, Fund II and other investment funds controlled by affiliates of the Funds' General Partners. Certain provisions of the LPAs are designed to protect the interests of the limited partners in situations where conflicts may exist, and the advisory committee of a Fund will be consulted on transactions

involving conflicts of interest, although these provisions do not eliminate such conflicts of interest. The agreements and arrangements among the Funds, the Funds' General Partners, SCM and their respective affiliates, including those related to compensation, have been established by the Funds' General Partners and are not the result of arm's-length negotiations. Although the Funds have adopted no formal policy for resolving conflicts of interest, the Funds' General Partners will attempt to resolve any conflicts of interest by exercising the good faith required of a fiduciary. The Funds believe that they generally will be able to resolve any conflicts on an equitable basis, although it is possible that potential conflicts may not be resolved in favor of the Funds.

Funds' General Partners' Carried Interest

Instances may arise where the interests of the Funds' General Partners may potentially or actually conflict with the interests of the Funds and the limited partners. For example, the existence of the Funds' General Partners' 20% carried interest may create an incentive for the Funds' General Partners to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangement.

Activities of the Principals

During the investment period, it is anticipated that the principals will devote a majority of their business time and attention to the affairs of the Funds and the business of the Funds' General Partners and its affiliates. However, the principals will have other business interests, including serving as directors of other public or private companies and as managing members or directors of the general partners of Fund I and Fund II. Conflicts may arise as a result of these activities. The possibility exists that such companies could engage in transactions that would be suitable for the Funds, but in which the Funds are not offered the opportunity to invest. For example, Fund III was not fully invested at the time Fund IV was formed and the principals are not obligated to allow Fund IV to invest in any future opportunity presented to Fund III. Fund III and Fund IV may also co-invest in one or more future opportunities. Although the Principals are committed to the success of the Funds, there can be no assurance that the affairs of the Funds will receive the undivided attention of the Principals at all times.

Material, Non-Public Information

By reason of their responsibilities in connection with their other activities, certain fund personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Diverse Limited Partner Group

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 investments made by the Funds, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the Funds' General Partners, 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. In selecting and structuring investments appropriate for the Funds, the Funds' General Partners will consider the investment and tax objectives of the Funds and their limited partners as a whole, not the investment, tax or other objectives of any limited partner individually.

Co-Investment Policy

The Funds may co-invest with third parties through joint ventures or otherwise. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial difficulties, resulting in a negative impact on such investment or resulting in additional capital to be invested by the Funds, may have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of their third-party co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

While the Funds intend to seek management participation in target portfolio companies, the Funds may make minority equity investments in portfolio companies where the Funds may not be able to control or influence effectively the business, management, strategy or affairs of such entities. Although the Funds may co-invest in a portfolio company with financial, strategic or other third parties (including local partners) and in doing so will seek to protect its interests, such investments will involve additional risks not present in investments where a third party is not involved, including the possibility that the co-investor may have interests which are inconsistent with those of the Funds.

Legal Representation

Chadbourne & Parke LLP ("Chadbourne") represents the Funds' General Partners, SCM and their affiliates, including the Funds, from time to time in a variety of different matters. Chadbourne does not represent the limited partners in connection with matters relating to the Funds or their investments. Chadbourne represents the Funds' General Partners and SCM, including with respect to their role in relation to the Funds. It is not anticipated that, in connection with the organization or operation of the Funds, the Funds' General Partners or

SCM will have the Funds engage counsel separate from counsel to the Funds' General Partners or SCM.

Furthermore, in the event a conflict of interest or dispute arises between the Funds' General Partners and SCM, on the one hand, and the Funds and the limited partners, on the other hand, it will be accepted that counsel to the Funds' General Partners and SCM is not counsel to the Funds or the limited partners, notwithstanding the fact that, in certain cases, such counsel's fees are paid through or by the Funds (and therefore in effect by the limited partners).

Documents relating to the Funds will be detailed and often technical in nature. Chadbourne has represented the interests of the Funds, the Funds' General Partners and SCM (and not the limited partners) in connection with the formation of the Funds and the offering of interests therein, and will not represent the interests of the limited partners in the organization and operation of the Funds.

Certain Regulatory Considerations

U.S. Securities Laws

The offer and sale of the interests have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any U.S. state, and the interests have not been and are not expected to be registered under the securities laws of any other country or any other jurisdiction. The interests will be offered and sold outside of the United States to non-U.S. persons in offshore transactions pursuant to Regulation S under the Securities Act, and in the United States in a private placement to a limited number of investors in reliance on an exemption provided by Section 4(2) of the Securities Act and/or Regulation D, promulgated thereunder. Unless approved by the Funds' General Partners, each potential investor must be an "accredited investor" (as defined in Regulation D promulgated under the Securities Act) and a "qualified client" (as defined under the Investment Advisers Act of 1940, as amended). In order to establish compliance with such exemptions, each investor must furnish certain information to the Funds and represent, among other customary private placement representations, that it is acquiring interests for investment purposes and not with a view towards resale or distribution.

U.S. Investment Company Act of 1940

The Funds are expected to be exempt from registration under the Investment Company Act in reliance upon Section 3(c)(1) thereof. Section 3(c)(1) of the Investment Company Act generally exempts from registration any non-U.S. issuer whose outstanding securities are beneficially owned by non-U.S. residents and not more than one hundred persons (as defined in Section 3(c)(1)) who are U.S. residents meeting certain conditions. Investors' subscription agreements and the LPAs will contain representations and restrictions on transfer designed to ensure that these conditions will be met.

Item 9 – Disciplinary Information

SCM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

An affiliate of SCM is a general partner of each of the Funds in which investors are solicited to invest.

As described in Item 4 above, SCM's directors form limited partnerships to serve as General Partner of the Funds formed.

As described in Item 5 above, SC's Members control the Affiliate Consultants, which are retained by SCM for the identification of investment opportunities, market research, investment assessment, board representation, bookkeeping and investor relation support, solely in relation to the Funds and the portfolio companies in which the Funds invest.

As described in Item 4 above, SCCM is the adviser to Funds I and II. SCM and SCCM are under common control. The investment periods for both Funds I and II have expired, so that Funds I and II are not seeking new investments, and Funds I and II have a limited number of outstanding investments.

Item 11 – Code of Ethics

Employee Conflicts:

In accordance with Rule 204A-1 of the Investment Advisers Act of 1940, SCM maintains a Code of Ethics. The Code of Ethics sets forth a standard of conduct expected of all SCM directors and SC's Members, as well as the employees of the Affiliate Consultants, and addresses certain other matters including the misuse of nonpublic information, insider trading, personal trading activity and political contributions. Certain employees are also required to provide information concerning their personal securities investment activities. This information is reviewed by SCM to determine if an employee's personal trading activity is inconsistent with the employee's duties to SCM, or the interests of a Fund or Fund investors. The Code of Ethics reminds employees of their obligations to clients and their obligations to comply with federal securities laws. Each employee is required to acknowledge receipt of the Code of Ethics and certify compliance on an annual basis. A copy of the Code of Ethics is available to Fund investors upon request.

SC's Members invest in the Funds as limited partners individually or through investment vehicles affiliated to them. The individuals and the investment vehicles affiliated to SC's

Members have the exact same treatment in their capacity as limited partners as their peer limited partners –i.e., they are charged Management Fees and Carried Interest; notwithstanding this, they are excluded for the purposes of voting certain matters.

Advisory Conflicts:

SCM may consider the same investment opportunity for more than one fund as part of a single transaction or otherwise. Any such investment is allocated among funds in a fair and equitable basis, taking into account, among other things, the make-up of the investment portfolio of each fund, the amount of cash available to each fund for investment and anticipated needs for cash by each fund.

Item 12 – Brokerage Practices

SCM provides investment advice to the Funds on a discretionary basis. Investments that SCM makes are generally investments in private companies or purchases in private placements, as opposed to publicly traded securities, and therefore do not involve brokers of publicly traded securities. SCM generally does not use brokers of publicly traded securities for any transaction, but if such a broker is used, it is selected on a number of factors including price and quality of execution services. Soft dollars arrangements are not utilized.

Item 13 – Review of Accounts

SCM's directors or members of the Investment Committee review the investment portfolio with Fund investors on an annual basis. It is the intent of SCM to meet with investors in a Fund at least once a year. SCM's directors and SC's Members are available to meet with investors more frequently if desired.

Reviews do not take place in accordance with any particular sequence unless requested by investors. Matters reviewed include investment commitments and the investment environment. The performance of the Funds in which the limited partner is invested and the Fund's investment portfolio are also discussed. Emphasis is placed on new investments, deal flow, investment pace, the development of a Fund's portfolio, cash flow activity, and the state of the private equity industry. Performance metrics, including internal rates of return, are also reviewed.

On an annual basis, the investors in each Fund are provided a detailed review of the portfolio, including valuations of investments, a description of investment performance, and an accounting of limited partnership interests. In addition, financial statements for each fiscal year are audited by an independent certified public accounting firm of nationally

recognized standing. On a quarterly basis, the investors in each Fund are provided a summary review of the portfolio and statement of accounts.

Item 14 – Client Referrals and Other Compensation

SCM has arrangements under which it pays third parties to solicit potential investors. SCM compensates these placement agents, generally based on a percentage of the amount committed to a Fund by the investors solicited by the placement agent.

In the past, SCM has retained Stanwich Advisors, LLC (“Stanwich”), a registered broker based in Stamford, Connecticut to solicit the international investment community. For its placement agent services the Firm paid Stanwich fees based on the amount committed to each Fund by the solicited investors.

In the past, SCM has used the services of Celfin Capital and Larrain Vial, two Chilean investment services firms, to market the Funds, in a private offering, solely to Chilean institutions and family offices. Celfin Capital also coordinated the placement of the Funds in Peru and Colombia. SCM paid Celfin Capital and Larrain Vial fees based on the amount committed to each Fund by the solicited investors.

In addition, Celfin Capital organized and incorporated a number of Chilean Investment Funds (the “Chilean Investment Funds”) in order to allow some Chilean institutional investors to invest in Funds III and IV through the Chilean Investment Funds. The Chilean Investment Funds are registered with the Chilean securities commission. SCM pays a yearly fee to the Chilean Investment Funds (through a subsidiary of the Chilean Investment Funds) to reimburse them for the administration fees that the Chilean Investment Funds pay to Celfin Capital as their manager.

Item 15 – Custody

SCM or the General Partner of each Fund may be deemed to have custody of the Funds’ assets.

The Funds have operating cash balances deposited with qualified custodians, which, depending on the Fund, are Deutsche Bank (Cayman) Limited, an affiliate of Deutsche Bank Americas N.A.; Citibank N.A.; and Quilvest Switzerland Ltd. To the extent the Funds have certificated securities of portfolio companies, the securities are maintained with the same qualified custodians. Most of the Funds’ securities are uncertificated and are not required to be maintained with a custodian.

Item 16 – Investment Discretion

As described in Item 5, SCM provides advice to the Funds on a discretionary basis. The LPA for each Fund sets forth any investment restrictions on the discretion of the General Partner, which restrictions apply to SCM.

Item 17 – Voting Client Securities

In accordance with Rule 206(4)-6 of the Investment Advisers Act of 1940, SCM has adopted Proxy Voting Policies and Procedures to address how SCM will vote proxies on behalf of the Funds, on the rare occasions when a Fund portfolio company holds a proxy vote. The policy is designed to ensure that proxies are voted in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. A Fund investor upon request may obtain from SCM a copy of SCM's Proxy Voting Policies and Procedures and information about how SCM voted proxies.

In substantially all of each Fund's investments, the Fund appoints the majority of the board members and the management team.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about SCM's financial condition. SCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. SCM does not require or solicit prepayment of fees six months or more in advance.