

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

**PEAK ROCK CAPITAL LLC**

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**August 21, 2012**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Peak Rock Capital LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (512) 765-6520. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

## **MATERIAL CHANGES**

Peak Rock Capital LLC (the “**Management Company**”) is a newly registered investment adviser and this is its initial Brochure. For future Brochures, this page will describe any material changes made since the previous Brochure.

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## ADVISORY BUSINESS

Peak Rock Capital LLC (the “**Management Company**”), the registered investment adviser, is a Delaware limited liability company. The Management Company commenced business operations in July 2012. The Management Company’s affiliated general partner, Peak Rock Capital Holdings I LP (the “**General Partner**,” and together with the general partners of any future private investment funds to which Peak Rock provides investment advisory services, “**General Partners**” and together with the Management Company and their affiliated entities, “**Peak Rock**”), is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which operates as a single advisory business together with the Management Company.

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

- Peak Rock Capital Fund LP
- Peak Rock Capital Fund A LP (together with Peak Rock Capital Fund LP, “**Fund I**”)

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds are expected to invest through negotiated transactions in operating companies. Peak Rock’s investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Peak Rock may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by Funds.

Peak Rock’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”), investment management agreement (the “**Management Agreement**”), limited partnership agreements (each, a “**Limited Partnership Agreement**” and together with the Memorandum and the Management Agreement, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds or Peak Rock may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing, a Fund’s Governing Documents, including provisions relating to the Management Fee (as defined below) and distributions.

As of the date hereof, Peak Rock managed \$0 in client assets on a discretionary basis. The Management Company is principally owned by Anthony DiSimone.

## **FEES AND COMPENSATION**

The General Partner generally receives a Management Fee (as defined below) and a carried interest in connection with advisory services. The General Partner or other Peak Rock entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation may offset in whole or in part the Management Fees otherwise payable to Peak Rock, as described in the Governing Documents. Investors in the Funds also bear certain fund expenses, as described below.

### **Management Fees**

During a Fund's investment period, the Fund generally will pay the General Partner an annual management fee (the "**Management Fee**") equal to 2% of aggregate investor capital commitments. Payment of the Management Fee will be made quarterly in advance. Generally, investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund, plus an additional amount, as applicable. The Management Fee may be reduced upon the expiration of the investment period or earlier upon the occurrence of certain other events as described in the applicable Governing Documents.

The Management Fee generally will be reduced by all or a portion of: (i) the directors' fees, financial consulting fees, monitoring fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partner.

As permitted under the Governing Documents, the General Partner may elect to waive a portion of the Management Fee in exchange for a reduction in the General Partner's capital contribution obligation and/or a corresponding interest in Fund profits.

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

### **Carried Interest**

The General Partner generally will be entitled to a carried interest with respect to the relevant Fund equal to 20% of all realized profits (subject to a specified, annually compounded preferred return with a related General Partner catch-up provision), as more fully described in the Governing Documents. The carried interest distributed to the General Partner is subject to a potential giveback at the end of the life of a Fund if the General Partner has received excess cumulative distributions.

## **Other Information**

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other employees of Peak Rock may receive a portion of the Management Fee, carried interest or other compensation received by the General Partner.

In addition to the Management Fee and carried interest payable to the General Partner, each Fund bears certain expenses. Each Fund generally will pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies (which reimbursements may be for out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including legal, auditing, consulting, financing, accounting, travel (including, where appropriate, the chartering of private aircraft) and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and other Fund-related reporting; expenses incurred in connection with transactions not consummated; expenses of the advisory board and annual meetings of the limited partners and any other meeting with any limited partner(s); insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

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

As described under "Fees and Compensation," the General Partner receives a carried interest allocation on certain realized profits in the Funds. A carried interest allocation represents an investment adviser's compensation based on a percentage of net profits of the funds it manages. Peak Rock does not currently advise Funds not subject to a carried interest. See "Methods of Analysis, Investment Strategies and Risk of Loss," for further discussion of conflicts of interest.

### **TYPES OF CLIENTS**

Peak Rock provides investment advice to Funds. Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act. The investors participating in Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Peak Rock and its affiliates.

The Funds generally have a minimum investment amount of \$5 million for third-party investors. Generally, investors must be "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either "qualified

purchasers” or “knowledgeable employees” as defined under the Investment Company Act. The General Partner may waive such minimum investment amounts and qualification requirements.

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

### **General**

Peak Rock seeks to primarily make equity and debt investments in lower middle market and middle market (“**LMM**”) companies. Peak Rock’s primary focus is on what it believes to be opportunistic, underperforming and distressed LMM opportunities. Companies in this sector typically have between \$50 million and \$500 million of revenue and usually generate in excess of \$15 million of EBITDA prior to recent challenges.

The following is a summary of the investment strategies and methods of analysis generally employed by Peak Rock on behalf of the Funds. *There can be no assurance that Peak Rock will achieve the investment objectives of the Funds and a loss of investment is possible.*

### **Investment and Operating Strategy**

Peak Rock intends to invest in existing and newly issued securities (a) with an intention to control or significantly influence the issuing company as it undertakes an improvement plan, financial and/or operational restructuring or (b) with a view towards a specific outcome that Peak Rock expects will result in an attractive return.

Peak Rock expects the success of a Fund’s investments to be a result of the team’s ability to assess the long term prospects of a company, including an analysis of its industry, its competitive positioning and the impact of its restructuring on its ability to achieve future success, and predict the likelihood of achieving an outsized financial recovery in the ultimate restructuring of the business. In assessing the attractiveness of an investment, the team will consider certain factors, which may include the following:

- The prospects of the business and industry
- The company’s liquidity situation and likely needs over the near term
- The downside protection for the investment, including capital structure position and dynamics, liquidation value and sale value of separable businesses or assets
- The impetus for a restructuring and potential costs and timeline of the restructuring
- Potential value of the available security in the restructuring
- Motivations and prior experiences with the other holders of the company’s securities

Each of these considerations may have a significant impact on the ultimate return of the investment and on Peak Rock’s ability to influence the return.

Additionally, Peak Rock seeks to invest in situations that are undermarketed and where it believes it can have a meaningful influence on an underperforming or distressed company's future prospects, both in the restructuring of the company's balance sheet and its operations.

In addition to acquisitions through equity, Peak Rock intends to invest in senior secured loans. Peak Rock expects a Fund's returns to primarily come from (i) the sale of the equity of portfolio companies, (ii) the cash coupon being paid on a periodic basis from debt instruments, (iii) the ultimate payment of the accreted value of debt at redemption or sale, including accrued paid-in-kind interest and (iv) the sale of equity or equity-like securities attached to debt instruments.

When considering debt investments, Peak Rock intends to focus on acquiring debt that is the fulcrum security of a company and where there is an opportunity to gain control or significant influence over a company through an in-court or out-of-court restructuring. In some instances, the performance of the underlying company may improve to the extent that the acquired debt is no longer the fulcrum security. In these instances, Peak Rock will consider selling its debt position to other market participants.

Peak Rock intends to invest primarily in companies based in the United States, but will consider a limited number of opportunities in Canada and select European jurisdictions. Peak Rock intends to target a portfolio of 8 to 12 investments through a Fund's investment cycle. These investments typically will target \$40-\$70 million of equity per transaction with an expected range of \$20-\$100 million.

## **Risks of Investment**

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

*Business Risks.* Each Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

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

*Investment in Junior Securities.* The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.



*Concentration of Investments.* The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity and mezzanine transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual Management Fees during the commitment period based on the entire amount of their commitments.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to a General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

*Leveraged Investments.* The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

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

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested with the General Partners, and a Fund's future profitability will depend largely upon the business and investment acumen of Peak Rock. The loss or reduction of service of one or more of the principals of Peak Rock could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the applicable General Partner. In addition, certain changes in a General Partner or circumstances relating to a General Partner may have an adverse effect on the applicable Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the applicable General Partner will monitor the performance of a Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

*Absence of Operating History.* The Funds have no operating history and will be entirely dependent on the General Partner. There can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of principals of Peak Rock. In addition, the Funds' investments may differ from previous investments made by the principals of Peak Rock in a number of respects.

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

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Hedging Arrangements.* A General Partner may (but is not obligated to) endeavor to manage the applicable Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("**OTC**") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks.

Certain hedging arrangements may create for the General Partners and/or one of their respective affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

*Non-controlling Investments.* A Fund may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size, such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

*Director Liability.* A Fund will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio

companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

*Market Conditions.* Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

### **Conflicts of Interest**

During the investment period of a Fund, Peak Rock pursues all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions, as described in the applicable Governing Documents. However, Peak Rock may manage other investment funds and investments similar to those in which the Funds invest, and may direct certain relevant investment opportunities to those investment funds and investments. Peak Rock's investment staff will continue to manage and monitor such investment funds and investments. Peak Rock's significant investment in a Fund, as well as Peak Rock's interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of Peak Rock with the interest of the partners of such Fund, although Peak Rock may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that Peak Rock may control may compete with a Fund or companies acquired by such Fund. Following the investment period of a Fund, Peak Rock may, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Peak Rock will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of Peak Rock. In determining which investment vehicles should participate in such investment opportunities, Peak Rock and its affiliates are subject to conflicts of interest among such investment vehicles. Peak Rock attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Peak Rock's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. Where necessary, Peak Rock consults and receives consent to conflicts from an advisory board consisting of limited partners of the applicable Fund(s) and such other investment vehicles, if any.

Because a General Partner's carried interest is based on a percentage of net realized profits of a Fund, it may create an incentive for Peak Rock to cause such Fund to make riskier or

more speculative investments than would otherwise be the case. However, Peak Rock believes that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of Peak Rock with that of the Funds.

Since the General Partners are permitted to retain certain fees (as described under “Fees and Compensation”) in connection with Fund investments, Peak Rock could have a conflict of interest in connection with approving transactions. Peak Rock manages such conflicts by offsetting the Management Fee by a specified percentage of such fees and by a General Partner’s interest in the carried interest of a Fund. In addition, the potential conflict is further mitigated by the fact that such fees generally are negotiated with the applicable portfolio company’s management team.

### **DISCIPLINARY INFORMATION**

Peak Rock and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under “Advisory Business” above, the Management Company is affiliated with the General Partner, which is registered with the SEC under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. The General Partner operates as a single advisory business together with the Management Company and serves as general partner of Fund I and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to the Peak Rock Chief Compliance Officer at (512) 765-6520. Personal securities transactions by Peak Rock personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Peak Rock and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed,

might affect an investor's decision to buy, sell or hold a security. Under applicable law, Peak Rock and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Peak Rock.

Accordingly, should Peak Rock or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Peak Rock would be prohibited from communicating such information to clients, and Peak Rock will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Peak Rock personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Peak Rock and its affiliates may directly or indirectly own an interest in the Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

A Fund may invest together with other Funds advised by an affiliated adviser of Peak Rock in the manner set forth in the applicable Governing Documents. Peak Rock will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the Governing Documents for the relevant Fund and the Peak Rock investment allocation policy.

Peak Rock and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles that may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

#### **BROKERAGE PRACTICES**

Peak Rock focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Peak Rock may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Peak Rock does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Peak Rock sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Peak Rock. In such event, Peak Rock will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Peak Rock may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

Peak Rock has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Peak Rock intends to generally seek competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Peak Rock seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Peak Rock generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of Peak Rock’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Peak Rock, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Peak Rock allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

Peak Rock does not anticipate engaging in significant public securities transactions; however, to the extent that Peak Rock engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Peak Rock may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Peak Rock may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Peak Rock will closely monitor companies in which the Funds invest,

and the Chief Compliance Officer will periodically check to confirm that each Fund is managed in accordance with its stated objectives.

Peak Rock will generally provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed in the "Fees and Compensation" section, Peak Rock may receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Governing Documents, this compensation may, in certain circumstances, offset all or a portion of the Management Fees paid by the Fund. However, in other circumstances, these fees would be in addition to Management Fees.

Peak Rock has not entered into, and does not currently intend to enter into, any solicitation arrangements pursuant to which it would compensate third parties for referrals that result in a potential investor becoming a limited partner in a Fund.

#### **CUSTODY**

As required by the Advisers Act, Peak Rock has established an account with the following qualified custodian to hold funds and securities on behalf of the Funds: Wells Fargo Institutional Retirement and Trust, 733 Marquette Avenue South, Minneapolis, MN 55479.

#### **INVESTMENT DISCRETION**

Peak Rock has discretionary authority to manage investments on behalf of the Funds. As a general policy, Peak Rock does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Peak Rock may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other agreed-upon reasons. Peak Rock assumes this discretionary authority pursuant to the terms of the Governing Documents.

#### **VOTING CLIENT SECURITIES**

Peak Rock has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Peak Rock votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Peak Rock generally believes its interests are aligned with those of a Fund's investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Peak Rock may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy.



Additionally, a Fund's advisory board may approve Peak Rock's vote in a particular solicitation. Peak Rock does not consider service on portfolio company boards by Peak Rock personnel or Peak Rock's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Peak Rock when voting proxies on behalf of a Fund. If you would like a copy of Peak Rock's complete Proxy Policy or information regarding how Peak Rock voted proxies for particular portfolio companies, please contact the Peak Rock Chief Compliance Officer at (512) 765-6520, and it will be provided to you at no charge.

#### **FINANCIAL INFORMATION**

Peak Rock does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.