

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

**THOMPSON STREET CAPITAL MANAGER LLC**

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**April 1, 2013**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Thompson Street Capital Manager LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (314) 727-2112. 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**

This Brochure updates the initial Form ADV Part 2A filed on February 13, 2012. There have been no material changes to the operations or the investment activities of the Management Company since the initial filing. All changes to this Brochure are either clarifying changes or updates of previously disclosed information.

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## ADVISORY BUSINESS

The Management Company is a private investment management firm, including several investment advisory entities and other organizations affiliated with the Management Company (collectively, “**Thompson Street**”).

The Management Company, a Delaware limited liability company and a registered investment adviser, provides discretionary investment advisory services to private investment funds. The Management Company commenced operations in September 2000.

The following are the affiliated advisers of the Management Company (collectively with the Management Company, the “**Advisers**”):

- Thompson Street Capital GP, LLC (“**GP I**”);
- Thompson Street Capital II GP, L.P. (“**GP II**”); and
- Thompson Street Capital III GP, L.P. (“**GP III**,” and together with GP I and GP II, the “**General Partners**”).

The Advisers’ clients include the following (collectively the “**Partnerships**,” and together with any future private investment fund to which Thompson Street or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Thompson Street Capital Partners, L.P. (“**Fund I**”);
- Thompson Street Capital Partners II, L.P. (“**Fund II**”); and
- Thompson Street Capital Partners III, L.P. (“**Fund III**”).

The General Partners each serve as general partner to a Partnership and have the authority to make the investment decisions for the Partnerships to which they provide advisory services. The Management Company provides the day-to-day advisory services for the Partnerships on behalf of the General Partners. The General Partners are deemed registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Advisers, which operate as a single advisory business. References contained in this Brochure to the strategy and operations of a General Partner should be read to include, to the extent applicable, the current activities of the Management Company and other Thompson Street affiliates that collectively engage in the investment process and ongoing management of the Partnerships’ portfolio companies.

The Partnerships and any other Private Investment Funds that may be formed by a General Partner (or its affiliates) at a later date or that may otherwise become clients of a General Partner are expected to invest through negotiated transactions in operating entities. The Advisers’ investment advisory services to the Partnerships consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted, subject to certain

limitations in the limited partnership agreement of each Partnership (the “**Partnership Agreement**”). In most cases, the senior principals or other personnel of the Advisers or their affiliates may serve on a portfolio company’s board of directors or otherwise act to influence control or management of portfolio companies held by the Partnerships.

The Advisers’ advisory services for Private Investment Funds are further described in the applicable private placement memoranda and Partnership Agreements of the Partnerships, as well as below under “Methods of Analysis, Investment Strategies and Risk of Loss” and “Investment Discretion.” Investors in Private Investment Funds participate in the overall investment program for the applicable Private Investment Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints or other agreed upon reasons, pursuant to the terms of the applicable Partnership Agreement. The Private Investment Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Private Investment Fund’s Partnership Agreement.

As of December 31, 2012, the Management Company managed approximately \$640.6 million in client assets on a discretionary basis. The Management Company is owned exclusively by James A. Cooper.

## **FEES AND COMPENSATION**

In general, the General Partners receive a Management Fee (as defined below) and a carried interest in connection with advisory services. The Management Company receives the Management Fee directly with respect to Fund I. The General Partners, the Management Company or other Thompson Street entities or affiliates may receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of Partnerships and a portion of such additional compensation may offset in part the Management Fees otherwise payable to the relevant General Partner or the Management Company, as applicable. Investors in the Partnerships also bear certain fund expenses.

### **Management Fee**

#### *Fund I*

Fund I paid the Management Company a management fee (the “**Management Fee**”), quarterly in advance, equal to 2.0% of (i) capital contributions used to fund investments that had not been disposed of plus (ii) subject to cap as set forth in the Partnership Agreement, Fund I’s outstanding obligations to make further installments of purchase price payments on existing investments. Installments of the Management Fee payable for any period other than a full three-month period were generally adjusted on a *pro rata* basis according to the actual number of days in such period.

Fund I has ceased paying a Management Fee to the Management Company.

### *Fund II*

Fund II pays GP II, quarterly in advance, a Management Fee equal to 2.0% of (a) the aggregate investment contributions, less (b) the aggregate amount of investment contributions with respect to investments that have been disposed of or completely written off or, without duplication, permanently written down. The Management Fee will be payable until all portfolio investments are distributed or until General Partner's relationship with the Partnership is terminated for other reasons (as described in the Partnership Agreement). Installments of the Management Fee payable for any period other than a full three-month period are generally adjusted on *pro rata* basis according to the actual number of days in such period.

### *Fund III*

Fund III will pay GP III, quarterly in advance, a Management Fee equal to 2.0% on an annual basis of aggregate investor commitments ("**Commitments**") of Fund III. Investors participating in a closing after the initial closing bear the Management Fee from the initial closing plus interest. Following the expiration of the investment period or upon the occurrence of certain events as specified in the Partnership Agreement, the Management Fee will be reduced and will equal 2.0% of (a) the aggregate investment contributions, less (b) aggregate amount of investment contributions with respect to investments that have been disposed of or completely written off or, without duplication, written down.

### *Management Fee Offsets and Waiver*

The Management Fee is reduced by a portion of any directors' fees, professional services fees, monitoring fees and any breakup fees paid by portfolio companies to a General Partner, the Management Company or their affiliates (such fees, "**Supplemental Fees**"). The Management Fee will also be reduced by all placement fees and any organizational expenses paid by a Partnership in excess of the organizational expense cap specified in the Partnership Agreement. To the extent that such an offset credit would reduce the Management Fee for a given six-month period below zero, the credit will be carried forward for future application against payable Management Fees. With respect to Fund II and Fund III, to the extent any such excess remains unapplied upon dissolution of a Partnership, each partner of such Partnership will receive its share of such unapplied excess, unless such partner elects not to receive its share. With respect to Fund I, any such excess shall be retained by the applicable General Partner or its affiliates. To the extent that any other Private Investment Fund co-invests alongside a Partnership in any portfolio company investment, any Supplemental Fees will be allocated *pro rata* among the Partnership and such other Private Investment Fund in proportion to the cost of the investment in the portfolio company borne by each.

Certain operating partners that are consultants to, and not employees of, Thompson Street may receive compensation directly from portfolio companies. Such compensation does not reduce or offset fees payable to the Advisers. Such operating partners may serve as members of the boards of portfolio companies or, in certain cases, as operating executives of portfolio companies.

As permitted under the Partnership Agreement for each of Fund II and Fund III, the relevant General Partner may waive all or a portion of a Management Fee payment for a corresponding interest in such Partnership's profits. Any such waived portion of the Management Fee may be used to reduce the amount of capital the General Partner would otherwise be required to contribute to the Partnership. The limited partners of Fund II and Fund III, as applicable, may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the relevant General Partner in connection with any such waiver or reduction as described above.

### **Carried Interest**

The General Partner of each Partnership generally will be entitled to receive a carried interest with respect to such Partnership equal to 20% of all profits, subject to an 8% annually compounded preferred return and a related General Partner catch-up provision, as more fully described in the Partnership Agreement of the applicable Partnership. The carried interest distributed to the General Partner is subject to a potential after-tax giveback at the end of the life of the Partnership if the General Partner has received excess cumulative distributions.

### **Other Information**

With respect to Fund II and Fund III, the relevant General Partner may exempt certain investors in the applicable Partnership from payment of all or a portion of Management Fees and/or carried interest, including the relevant General Partner and any other person designated by such General Partner. Any such exemption from fees and/or carried interest may be made by a direct exemption or through other Private Investment Funds which co-invest with the Partnerships.

The Partnerships and other Private Investment 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 Partnership Agreement, over the term of the applicable Partnership (or Private Investment Fund, as applicable), and investors generally are not permitted to withdraw or redeem interests in the Partnership (or other relevant Private Investment Fund, as applicable).

Principals or other employees of Thompson Street may receive a portion of the Management Fee, carried interest or other compensation received by the General Partners or their affiliates.

In addition to the Management Fee and carried interest payable to the applicable General Partner, each Partnership bears certain expenses. As set forth in the Partnership Agreement for the applicable Partnership, the Partnership bears all Partnership expenses to the extent not paid by portfolio companies, including organizational expenses up to the expense cap specified in the Partnership Agreement, legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Partnership's financial statements, tax returns and Schedule K-1s; expenses incurred in connection with transactions not consummated; expenses of any advisory board of limited partners of the Partnership; expenses of the annual meetings of the Partnership's limited partners; 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 Partnership, but not ordinary administrative and overhead expenses of the General Partner incurred in connection with managing, originating and monitoring investments, including employees' salaries, rent, utilities and other similar expenses specified in the Partnership Agreement. 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 Partners may receive a carried interest allocation on certain profits in the Partnerships. Currently, the Advisers do not advise Private Investment Funds not subject to a carried interest, although they may waive carried interest with respect to certain partners as described under "Fees and Compensation."

#### **TYPES OF CLIENTS**

The Advisers provide investment advice to Private Investment Funds, including the Partnerships. Private Investment Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Advisers and their affiliates.

Typically, each Partnership generally has a minimum investment of \$5 million for third-party investors, which may be waived by the respective General Partner. Investors in the Partnerships must meet certain suitability and net worth qualifications prior to making an investment. Investors in Fund II and Fund III generally must be (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended and (ii) either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act. Interests in Fund I were offered and sold solely to certain qualified investors who were accredited investors.

Certain affiliates and personnel of Thompson Street and other third party investors may be permitted to co-invest directly in a particular portfolio company or in a holdings company which holds the equity in the portfolio company directly. The Advisers will select which investors are permitted to participate in such co-invest opportunities based on various factors, including the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons as more fully described in the applicable Partnership's Partnership Agreement. The Advisers are not obligated to make co-investment opportunities available to any particular investors or limited partners.

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

##### **General**

Thompson Street is a private investment firm focused on leveraged acquisitions and recapitalizations in middle-market companies located in North America believed to be able to



benefit from Thompson Street's in-house operating professionals and experience. The Advisers' investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly of non-public companies although investments in public companies are permitted.

The Advisers' investment strategy for the recent Partnerships focuses on investment opportunities in companies with enterprise values of \$25 to \$150 million at attractive valuations through distinctive deal sourcing methods and to build value through improvements in operations, organic growth and add-on acquisitions. The Advisers seek to have the Partnerships generally seek to acquire niche businesses requiring outside capital and additional operating and financial expertise, such as family businesses with estate planning or other transitional issues or private companies seeking liquidity or growth capital. The Advisers seek to have the Partnerships generally seek to invest in companies that possess many or all of the following characteristics: (i) a strong growing market niche with favorable business trends; (ii) high margins and a relatively price insensitive customer base; (iii) an ability to energize or redirect the sales and marketing efforts to improve the revenue growth trend and enter new channels or introduce new products; and (iv) opportunities for complementary acquisitions.

The following is a summary of the investment strategies and methods of analysis generally employed by the Advisers on behalf of the Partnerships. More detailed descriptions of the Partnerships' investment strategies and methods of analysis are included in the applicable private placement memorandum and Partnership Agreement for the applicable Partnership.

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

### **Investment and Operating Strategy**

*Dedication to Lower Middle-Market.* The Advisers believe there will continue to be a strong supply of investment opportunities in the lower middle-market, particularly in companies with enterprise values of between \$25 and \$150 million. The Advisers believe companies in the lower end of the middle market typically have certain imperfections and these imperfections commonly exist in several situations, including privately-held, undercapitalized businesses with significant growth potential and family businesses managed for personal objectives. The Advisers expect the Partnerships to benefit from the identification of businesses possessing these market imperfections and bringing years of experience to assist in increasing their growth rate. Further, the Advisers seek to build their portfolio companies through complementary acquisitions and by operational improvements.

*Geographic Focus.* The Advisers have a North American investment focus and believe they have a broad reach from Thompson Street's headquarters in the Midwest. The Advisers seek to focus on cities they believe are underserved by other private equity firms and investment bankers. The Advisers believe when they meet management teams or sellers from the Midwest or mid-South, there is more likely to be a cultural resonance that may give the Advisers an advantage in becoming the favored buyer.

*Sourcing Proprietary Deals.* The Advisers have generally avoided large auctions conducted by investment banks in favor of sourcing its transactions from: (i) business brokers who make proprietary introductions to sellers; (ii) smaller intermediaries less inclined to conduct broad auctions; (iii) executive partner entrepreneurs and managers who know their industries; and (iv) non-intermediary sources, such as lenders, accounting firms and lawyers. The Advisers have extensive relationships with individuals and intermediaries who provide the firm with proprietary deal flow in the lower middle market.

*Due Diligence.* The Advisers' due diligence process takes on many facets including, but not limited to, internal market research, external market study/intelligence, internal financial analysis, external financial and tax review, legal diligence, external environmental reviews, regulatory assessments, financial modeling, often including sensitivity analyses, and risk assessment (property & casualty insurance, benefits, information technology, management background checks, etc.). Top-tier, third-party service providers are selected primarily upon their reputations and relevant experience for each transaction. Emphasis is placed on developing long-term relationships with these service providers to ensure clear, concise communication of the Advisers' expectations and needs.

*Operational Approach to Internal Growth and Complementary Acquisitions.* The Advisers focus on improving the top-line growth and profitability of portfolio companies. Multiple senior members of Thompson Street are dedicated primarily to portfolio company operations, having spent many years in various operations, finance and consulting positions. Post acquisition, the Advisers intend to work with management on numerous initiatives to add direct value to the portfolio companies, including implementing proactive sales and marketing efforts, maximizing profit margins through direct and indirect price increases to customers, identifying and acquiring complementary acquisitions (including integration of such acquisitions), strategic sourcing to reduce costs or lessen vendor dependency, sales channel expansion, new product development, implementing key performance indicators for daily/weekly/monthly monitoring and improving financial reporting used for management analysis.

*Opportunity for Multiple Arbitrage in the Lower Middle-Market.* The Advisers believe that multiple arbitrage is an important factor in the attractiveness of lower middle-market opportunities, as smaller middle-market companies typically can be acquired at a significant discount to their larger counterparts. Employing a disciplined growth strategy often results in increasing not only the underlying earnings of the business, but also the exit multiple as the larger, more capable business attracts interest from a larger pool of interested buyers. Rather than simply acquiring businesses to increase sales, the Advisers intend to focus on remaking the businesses strategically and in a manner intended to significantly improve long-term profitability.

## **Risks of Investment**

A Partnership and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with the Advisers' investment strategy and an investment in a Partnership are detailed in the Partnership's private placement memorandum.

In general, the risks applicable to each Partnership and the activities of its related General Partner and the Management Company include, but are not limited to:

*Business Risks.* The Partnership'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.

*Concentration of Investments.* The Partnership will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment) and, as a consequence, the aggregate return of the Partnership may be materially affected by the performance of a single investment or a single industry segment.

*Lack of Sufficient Investment Opportunities.* It is possible that the Partnership will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, the limited partners will be required to pay management fees during the commitment period based on the aggregate amount of all Commitments to the Partnership.

*Leveraged Investments.* The Partnership may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both the Partnership's opportunities for gain and its risk of loss from a particular investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Partnership'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 the Partnership'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, the Partnership may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Partnership. Furthermore, the companies in which the Partnership invests generally will not be rated by a credit rating agency.

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

*Non-U.S. Investments.* The Partnership may invest in companies that are organized and/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, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of the Partnership) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes on the Partnership and/or the partners with

respect to the Partnership's income, and possible non-U.S. tax return filing requirements for the Partnership and/or the partners.

*Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. A climate of uncertainty may reduce the availability of potential investment opportunities and may increase the difficulty of modeling market conditions, reducing the accuracy of the financial projections. Furthermore, such uncertainty may have an adverse effect upon the portfolio companies in which the Partnership makes investments.

*Reliance on Portfolio Company Management.* Although the General Partner will monitor the performance of the Partnership's investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Partnership 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 Partnership's objectives.

*Projections.* Projected operating results of a company in which the Partnership 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 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 impact on the reliability of projections.

*Need for Add-On Investments.* Following its initial investment in a given portfolio company, the Partnership 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 the Partnership will make add-on investments or that the Partnership will have sufficient funds to make all or any of such investments. Any decision by the Partnership not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for the Partnership to increase its participation in a successful operation.

*Investment in Junior Securities.* The securities in which the Partnership 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 an investment once made.

*Public Company Holdings.* The Partnership's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Partnership to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Partnership to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including

Thompson Street's principals, and increased costs associated with each of the aforementioned risks.

### **Conflicts of Interest**

During the investment period of a given Partnership, the principals of the Management Company (the "**Principals**") pursue all appropriate investment opportunities within the Partnership's mandate exclusively through such Partnership, subject to certain exceptions. However, the Principals will typically manage several other Private Investment Funds and investments similar to those in which a given Partnership invests, and may direct certain relevant investment opportunities to those Private Investment Funds and investments rather than to such Partnership, subject to various restrictions contained in the Partnership Agreement. The Principals and the Advisers' investment staff will continue to manage and monitor such Private Investment Funds and investments. The significant investment of the Principals in each Partnership, as well as the Principals' interest in the carried interest of such Partnership, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in a given Partnership, although the Principals have economic interests in such other Private Investment Funds and investments as well and receive Management Fees and carried interests relating to these interests. Such other Private Investment Funds and investments that the Principals may control may compete with the Partnership or companies acquired by a given Partnership. Following the investment period of a Partnership, the Principals may, and likely will, focus their investment activities on other opportunities and areas unrelated to such Partnership's investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for a given Partnership, but also for other Private Investment Funds. In determining which investment vehicle(s) should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Advisers and their affiliates attempt to resolve such conflicts of interest in light of their obligations to investors in a given Partnership and other Private Investment Funds, and attempt to allocate investment opportunities among such Partnership and such other Private Investment Funds in a fair and equitable manner and consistent with the Advisers' obligations and the underlying Partnership Agreement. Where necessary, the Advisers consult and receive consent to conflicts from the advisory board of the applicable Partnerships.

Because a General Partner's carried interest is based on a percentage of realized profits of the respective Partnership, it may create an incentive for a General Partner to cause a given Partnership to make riskier or more speculative investments than would otherwise be the case.

Since the General Partners are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Partnership investments, they could have a conflict of interest in connection with approving transactions. This conflict may be mitigated to an extent by offsetting the Management Fee by a specified percentage of such Supplemental Fees and a General Partner's interest in the carried interest of a Partnership.

## **DISCIPLINARY INFORMATION**

The Management Company 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**

The Management Company is affiliated with each of the General Partners. The General Partners are deemed registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Management Company provides advisory services to the General Partners and other Thompson Street entities pursuant to management agreements. These affiliated investment advisers operate as a single advisory business together with the Management Company and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Advisers have adopted a Code of Ethics and Securities Trading Policy (the “**Code**”), which sets forth standards of conduct that are expected of the Advisers' principals and employees and addresses conflicts that arise from personal trading. The Code requires the Advisers' personnel to

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the 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 client or prospective client upon request to Kellie Cramer, Thompson Street's Chief Compliance Officer, at (314) 727-2112. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

The Advisers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers. Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of

Thompson Street personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Partnerships.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment 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 a Partnership. The Advisers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the Advisers with the Private Investment Funds. The Partnerships and other Private Investment Funds may invest together with other Private Investment Funds advised by an affiliated adviser of the General Partner in the manner set forth in the applicable Partnership Agreement. The Advisers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Advisers' fiduciary obligations and consistent with the applicable Private Investment Funds' underlying documents.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Partnerships, and may give advice and recommend securities to other accounts or certain Partnerships or vehicles which may differ from advice given to, or securities recommended or bought for, other Partnerships or vehicles, even though their investment objectives may be the same or similar. The operative documents and investment programs of the Private Investment Funds sponsored by Thompson Street may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such funds or may give priority with respect to investments to such funds. Some of these restrictions could be waived by investors (or their representatives) in such funds.

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

The Advisers or their affiliates may recommend the purchase or sale of securities for Private Investment Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Private Investment Funds. Certain of these

transactions may require the consent of the advisory board of the applicable Private Investment Fund.

### **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Private Investment Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent an Adviser does so, such Adviser will follow the brokerage practices described below.

If the Advisers purchase or sell publicly traded securities for a Private Investment Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, 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 the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but 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. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund.



When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. If orders are not batched, it may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

### **REVIEW OF ACCOUNTS**

The investments made by the Private Investment 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, the Advisers closely monitor companies in which the Private Investment Funds invest, and the Thompson Street Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is managed in accordance with its stated objectives.

The Partnerships will provide to their 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**

The Advisers and/or affiliates may provide certain business or consulting services to companies in the Partnerships' portfolio and may receive compensation from these companies in connection with such services. As described in the applicable Partnership's Partnership Agreement, this compensation may, in certain circumstances, offset a portion of the Management Fees paid by the Partnerships. However, in other circumstances, these fees would be in addition to Management Fees. See "Fees and Compensation."

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensates third parties for referrals that result in a potential new investor becoming a limited partner in a Partnership. Any fees and expenses payable to any placement agent retained by the Advisers will be borne by the Advisers directly or indirectly through an offset against the Management Fee.

### **CUSTODY**

The Advisers maintain custody of the Partnerships' assets held in the Partnerships' names with U.S. Bank and JPMorgan Chase Bank, N.A.

## INVESTMENT DISCRETION

The Advisers have discretionary authority to manage investments on behalf of the applicable Partnership. As a general policy, the Advisers do not allow limited partners to place limitations on this authority; provided that the Partnership Agreement of a Partnership may impose restrictions on certain types of investments. Pursuant to the terms of the Partnership Agreement, however, an Adviser may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Partnership may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons or for other agreed upon reasons. The Advisers assume this discretionary authority pursuant to the terms of (i) the Partnership Agreement and (ii) the investment management agreement between each Partnership, the applicable General Partner and the Management Company.

## VOTING CLIENT SECURITIES

The Advisers have adopted a Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for the Partnerships' portfolio investments. The majority of “proxies” received by the Advisers will be written shareholder consents (or similar instruments) for private companies, although the Advisers may also receive traditional proxies from public companies from time to time. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Partnerships, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Partnerships' investors through the principals' beneficial ownership interests in the Partnerships 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 the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of any advisory board, on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards by Thompson Street personnel or the Advisers' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Partnerships. If you would like a copy of Thompson Street's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Kellie Cramer, Thompson Street's Chief Compliance Officer, at (314) 727-2112, and it will be provided to you at no charge.

## FINANCIAL INFORMATION

The Management Company 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.