

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

BLUE POINT CAPITAL PARTNERS, LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Blue Point Capital Partners, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (216) 535-4700. 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.

MATERIAL CHANGES

This Brochure updates the initial Form ADV Part 2A filed in February 2012. Since the initial filing, Blue Point Capital Partners, LLC (the “**Management Company**”) has formed Blue Point Capital Partners III, L.P., a private investment fund, and its parallel funds, the relevant terms of which are described herein. The investment risks described in this Brochure have also been revised to clarify and update the risks applicable to the Management Company’s investment strategy.

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ADVISORY BUSINESS

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

The Management Company, a Delaware limited liability company and a registered investment adviser, provides investment advisory services to private investment funds. The Management Company commenced operations in January 2001.

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

- BPCP Management, L.P. (“**GP I**”);
- BPCP Management II, L.P. (“**GP II**”);
- BPCP Management III, 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 Blue Point or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Blue Point Capital Partners, L.P. (“**Fund I Main**”);
- Blue Point Capital Partners (B), L.P. (“**Fund I(B)**,” and together with Fund I Main, “**Fund I**”);
- Blue Point Capital Partners II, L.P. (“**Fund II Main**”);
- Blue Point Capital Partners II (B), L.P. (“**Fund II(B)**,” and together with Fund II Main, “**Fund II**”);
- Blue Point Capital Partners II Executive Fund, L.P. (“**Executive Fund II**”);
- Blue Point Capital Partners III, L.P. (“**Fund III Main**”);
- Blue Point Capital Partners III (A), L.P. (“**Fund III(A)**”);
- Blue Point Capital Partners III (B), L.P. (“**Fund III(B)**,” and together with Fund III Main and Fund III(A), “**Fund III**,” and together with Fund I(B) and Fund II(B), the “**State Plan Funds**”); and
- Blue Point Capital Partners III Executive Fund, L.P. (“**Executive Fund III**,” and together with Executive Fund II, the “**Executive Funds**”).

Although Fund III and Executive Fund III have not yet commenced operations, they are expected to hold their initial closing in the near future. Accordingly, the expected future operations of the Fund III and Executive Fund III are described herein.

The General Partners each serve as general partner to one or more Partnerships 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. Each General Partner is deemed registered under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance and is under common control with the Management Company. 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 the activities of the Management Company and other Blue Point 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 certain investments in public companies are permitted. From time to time, 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 limited partnership agreements, 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 Partnership. 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 such Private Investment Fund's Partnership Agreement.

As of September 30, 2012, the Management Company managed approximately \$425.9 million in client assets on a discretionary basis. The Management Company is principally owned by David P. Given and John F. Kirby.

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 General Partners or other Blue Point entities or affiliates 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 will offset in part the management fees otherwise payable to the applicable General Partner. Investors in the Partnerships also bear certain fund expenses.

Management Fee

Each Partnership will pay the applicable General Partner a management fee (the “**Management Fee**”) equal to 2% (1.75% for the State Plan Funds) on an annual basis of aggregate Partnership investor capital commitments (“**Commitments**”). Payment of the Management Fee will be made quarterly in advance. Most of the Management Fees are ultimately received by the Management Company. Investors participating in a closing after the initial closing of a Partnership bear the Management Fee from the date of the initial closing of such Partnership plus interest. The Management Fee will be reduced upon the expiration of the investment period or where a particular subsequent Partnership is formed or upon the occurrence of certain other events as described in the applicable Partnership Agreement. The Management Fee will be payable until all portfolio investments are distributed or until General Partner’s relationship with the applicable Partnership is terminated for other reasons (as described in the Partnership’s partnership agreement (the “**Partnership Agreement**”). Installments of the Management Fee payable for any period other than a full three-month period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee is reduced by a portion of any directors’ fees, professional services fees, and any breakup fees and certain other fees paid by portfolio companies to a General Partner, the Management Company or their affiliates, partners, members, officers or employees (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 expense cap specified in the Partnership Agreement. To the extent that such an offset credit would reduce the Management Fee for a given three-month period below zero, the credit will be carried forward for future application against payable Management Fees. 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. To the extent that any other Private Investment Fund co-invests alongside the Partnership in any portfolio company investment, any Management Fee reduction associated with Supplemental Fees from the portfolio company generally will be allocated *pro rata* among the Partnership and the co-investors in proportion to the cost of the investment in the portfolio company borne by each.

As permitted under the Partnership Agreement for each Partnership, the General Partner may waive or agree to reduce the Management Fee. Any such waived or reduced portion of the Management Fee reduces the amount of capital the General Partner would otherwise be required to contribute to the Partnership. The limited partners of the Partnership 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 General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration of investor capital contributions. Waiver of Management Fees may cause offset credits to be carried forward for future application against payable Management Fees.

Carried Interest

The General Partner of each Partnership will receive a carried interest with respect to such Partnership (with the exception of the Executive Funds) equal to 20% of all profits after payment of an 8% annually compounded preferred return, subject to a 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 giveback at the end of the life of the Partnership if the General Partner has received excess cumulative distributions. The Executive Funds are not subject to a carried interest.

Other Information

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, and investors generally are not permitted to withdraw or redeem interests in the Partnership.

Principals or other employees of Blue Point 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 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; out of pocket expenses incurred in connection with transactions not consummated; expenses of any advisory board of limited partners; 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. In the future, the Advisers may license and implement a software package to facilitate recordkeeping, including the production of limited partner and general partner reports. To the extent that such software is implemented, expenses incurred by the Advisers in connection with the software may be allocated to the Partnerships that utilize such software on a pro rata basis at the discretion of the Advisers. 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, with the exception of the Executive Funds. The Management Company and GP II and GP III also manage the Executive Funds, which are not charged a carried interest or other performance-based fee. This could present a conflict of interest because the Advisers have an incentive to favor accounts for which they receive a performance-based fee. The relevant Advisers address this potential conflict of interest by generally causing the Executive Funds to invest in each portfolio company of Fund II or Fund III, as applicable, in the same proportion of its aggregate available Commitments as the portion of Fund II's or Fund III's, as applicable, aggregate available Commitments invested in each such

portfolio company. In addition, to the extent reasonably practical, each investment of the Executive Funds in a portfolio company shall be sold proportionately at the same time and on substantially the same terms and conditions as Fund II's or Fund III's, as applicable, investment in such portfolio company, subject to any tax, regulatory or legal restrictions or other considerations. See "Methods of Analysis, Investment Strategies and Risk of Loss," for further discussion of conflicts of interest.

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.

Each Partnership (other than the Executive Funds) generally has a minimum investment of between \$2 million and \$10 million for third-party investors, which may be waived by the General Partner. The minimum investment for the Executive Funds is generally \$250,000, which may also be waived by the General Partner. In most circumstances, investors in the Private Investment Funds must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors in Fund I or Fund II must be (i) "accredited investors" as defined under Regulation D of the Securities act of 1933, as amended and (ii) for certain Funds either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act. Interests in the Executive Funds are offered and sold solely to certain sophisticated investors who are also accredited investors.

Each of the State Plan Funds is a single investor vehicle established to accept investment by the Commonwealth of Pennsylvania, Public School Employees' Retirement System (the "**State Plan**"). The State Plan Funds invest on a side-by-side basis with the applicable related Partnership (*e.g.*, Fund II(B) invests on a side-by-side basis with Fund II Main). The State Plan Funds are subject to different investment terms than those available to investors in the other Partnerships. The terms applicable to Fund III(B) differ from those of Fund III Main and Fund III(A), including: (i) *GP Commitment*. The Commitment of GP III will constitute 10% of the total Commitments of Fund III(B) while its Commitment will only constitute 4% of the total Commitments across Fund III Main and Fund III(A); (ii) *Key Person*. The events that trigger a Key Person Event (as such term is defined in the applicable Partnership Agreement) differ for Fund III(B) as compared to Fund III Main and Fund III(A); (iii) *Escrow*. The Partnership Agreement for Fund III(B) requires that the Partnership escrow distributions made to GP III in an effort to secure the return of certain capital contributions of the State Plan. The Partnership Agreement for Fund III Main and Fund III(A) do not contain a comparable provision; (iv) *All Partner Giveback*. The time period and standard for determining any giveback obligations is different for the State Plan compared to that of a limited partner of Fund III Main or Fund III(A); (v) *Management Fee*. As detailed in "Fees and Compensation," Fund III(B) pays a lower Management Fee to the Management Company than either of Fund III Main or Fund III(A); and

(vi) *Indemnification.* The Partnership Agreement for Fund III(B) provides different standards to comply with statutory requirements for the State Plan.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The principal investment strategy of Blue Point is to achieve long-term capital appreciation, primarily by acquiring equity and equity-related securities and debt in private growth-oriented companies. Blue Point generally targets middle market manufacturing, service, and distribution companies that are well-positioned for growth through internal expansion and/or strategic add-on acquisitions. Blue Point seeks to make investments of between \$10 million and \$40 million in companies that have between \$20 million and \$200 million in revenue and \$5 million to \$40 million in EBITDA. Investments are predominantly of non-public companies although certain investments in public companies are permitted.

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 each Fund. *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

The Advisers seek to provide returns to investors by (i) using research and contacts to identify investments that the Advisers believe are attractive, (ii) performing analysis and due diligence to select and structure investments and (iii) providing significant resources to portfolio companies.

Identification of Investment Opportunities. Blue Point has developed a regional model in an effort to source attractive investment opportunities on a less competitive basis through a localized approach. To this end, Blue Point has opened offices in the Pacific Coast (Seattle) and the Southeast (Charlotte) to complement its home office in the Midwest (Cleveland). The Advisers believe this regional presence allows them to access investment opportunities to invest in (i) entrepreneur- or family-owned businesses seeking ownership transitions through recapitalizations or (ii) local, non-core divisions of larger corporations in which the managers have been given an opportunity — often a first, preferential opportunity — to purchase the division from the parent. While the majority of the Adviser's investment opportunities are sourced through their extensive network of relationships within the regions of their offices, the Advisers seek to also identify industry segments in which they can team with an experienced executive with relationships and attractive operating and/or acquisition strategies within such industries.

To assist with sourcing and evaluating deals, the Advisers have also established an office in China. This office assists the Advisers in developing Asia-based revenue-enhancing and cost-

cutting opportunities for existing portfolio companies and in developing relationships with Asia-based companies that may be interested in developing relationships with North American-based companies.

Analysis and Diligence. The Advisers conduct in-depth due diligence on prospective investments and have developed methodologies and tools for identifying and mitigating risk. To assist in evaluating the competitive landscape, industry history and evolution, market dynamics, and acquisition activity, the Advisers employ both conventional sources of industry information (e.g., market research reports, market intelligence databases, industry trade group resources), and their extensive network of operating executives and industry-specific management consultants who are most familiar with the given industry. The Advisers spend considerable time with the management team of each prospective portfolio company to determine whether its cohesiveness, competency, and initiative are adequate to meet both the anticipated challenges and growth targets during the relevant Partnership's period of ownership. The Advisers also perform extensive research on key customers and suppliers to gain a greater understanding of (i) a company's core value proposition, performance, and reputation within an industry, (ii) the customer's perception of "switching costs," and (iii) any potential threats or weaknesses, both domestic and abroad. In addition, when applicable, the Advisers engage Blue Point's China office to provide proprietary insights into trends in Asian markets, supply chains, and production capabilities of a prospective portfolio company. This analysis seeks to determine whether an investment opportunity may be negatively impacted by trends developing in Asia, or, conversely, whether the opportunity exists to grow the business through enhanced contacts with the Asian market.

Managing Investments. Early in the investment period, the Advisers seek to create a business plan for the portfolio company that focuses on (i) growing revenues by exploiting the company's niche or market position or through synergistic add-on acquisitions, (ii) enhancing operating profit through efficiencies and cost reductions and (iii) reducing the company's acquisition debt level over time. At the onset of every investment, the Advisers work directly with the management team to develop a plan in order to identify, chart, assign, and monitor the execution of the next immediate steps. In addition to assisting with the management process, the Advisers also seek to improve profitability of their portfolio companies by encouraging cost reduction. This is achieved, in part, through group insurance and risk management program in order to maintain better risk management and insurance cost control.

As part of their strategy, the Advisers maintain relationships with a group of approximately 15 seasoned operating executives. These operating executives (i) provide diagnostic due diligence, (ii) serve on the board of directors of portfolio companies, (iii) provide interim management when necessary, (iv) assist in special projects for portfolio companies, (v) act as mentors to the chief executive officers of Blue Point portfolio companies and (vi) at times take a permanent management position with a portfolio company.

Realization of Liquidity. The Advisers believe the method of exit is an integral component of value creation and they actively evaluate exit options prior to investing in a company. The Advisers' objective is to build larger, more professional businesses over a four-to-six year time horizon. As part of the investment process, potential exit strategies are discussed with the management team and analyzed within the context of the proposed strategic growth

plan. The Advisers monitor investment performance and market conditions to regularly evaluate the optimal timing of an exit. Since management generally invests equity capital alongside the relevant Partnership and is provided with incentives to earn additional equity upon a successful liquidity event, management and the Advisers have aligned interests towards realizing capital appreciation over the investment period.

Risks of Investment

A Partnership and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with an Adviser's investment strategy and an investment in a Partnership are detailed in such Partnership's private placement memorandum. The following list is not a complete list of all risks involved in connection with an investment in the Partnerships. 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.

Future and Past Performance. The performance of the Advisers' prior investments is not necessarily indicative of the Partnership's future results. While the General Partner intends for the Partnership to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal is possible.

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.

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. As a result, the Partnership's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect the Partnership's aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Partnership may invest in fewer portfolio companies and thus be less diversified.

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 and related subordinated debt transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will be required to pay annual management fees based on the entire amount of their Commitments.

Leveraged Investments. The Partnership may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Partnership'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 Partnership that may not be covered by distributions made to the Partnership 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 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, should the credit markets be tight at the time the Partnership determines that it is desirable to sell all or a part of a portfolio company, the Partnership may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Partnership 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 Partnership investments and hence, most of the Partnership's investments will be difficult to value. Certain investments may be distributed in kind to the partners.

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 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.

Reliance on Portfolio Company Management. Although the General Partner will monitor the performance of each Partnership 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, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

Need for Follow-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 follow-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 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 or may result in a lost opportunity for the Partnership to increase its participation in a successful operation.

Non-U.S. Investments. The Partnership may invest a portion of the aggregate Commitments 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 the Partnership), and 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 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 limited 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.

Director Liability. The Partnership 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 the Partnership's representatives and ultimately the Partnership, 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.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Partnership and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Partnership's activities, including the ability of the Partnership to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market

commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Partnership's efforts to consummate investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Partnership may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

Conflicts of Interest

During the investment period of each of the Partnerships, the principals of the Advisers (the "**Principals**") pursue all appropriate investment opportunities exclusively through the Partnerships, subject to certain exceptions. However, the Principals will typically manage several other Private Investment Funds and investments similar to those in which the Partnerships invest, and may direct certain relevant investment opportunities to those Private Investment Funds and investments rather than to the Partnerships. 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 of the Partnerships, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in the Partnerships, 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 Partnerships or companies acquired by the Partnerships. Following the investment period of the Partnerships, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to the Partnerships' investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for the Partnerships, but also for other Private Investment Funds operated by Blue Point. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest obligations 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 the Partnerships and other Private Investment Funds, and attempts to allocate investment opportunities among the Partnerships and such other Private Investment Funds in a fair and equitable manner. Where necessary, the Advisers consult and receive consent to conflicts from an advisory committee consisting of limited partners of the Partnerships and such other investment vehicles (an "**LP Committee**").

Because the General Partners' carried interest is based on a percentage of net realized profits, it may create an incentive for the Advisers to cause the Partnerships to make riskier or more speculative investments than would otherwise be the case. That incentive is moderated because any investment losses also result in a reduction of the General Partner's carried interest amounts.

Since the General Partners are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Partnership investments, the Advisers could have a conflict of interest in connection with approving transactions. The

General Partner attempts to resolve such conflict by offsetting the Management Fee by a specified percentage of such Supplemental Fees.

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

As described under “Advisory Business” above, the Management Company is affiliated with the following Blue Point investment advisers:

- BPCP Management, L.P. (general partner of Blue Point Capital Partners, L.P. and Blue Point Capital Partners (B), L.P.);
- BPCP Management II, L.P. (general partner of Blue Point Capital Partners II, L.P., Blue Point Capital Partners II (B), L.P. and Blue Point Capital Partners II Executive Fund, L.P.); and
- BPCP Management III, L.P. (general partner of Blue Point Capital Partners III, L.P., Blue Point Capital Partners III (A), L.P., Blue Point Capital Partners III (B), L.P. and Blue Point Capital Partners III Executive Fund, L.P.).

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. These affiliated investment advisers operate as a single advisory business 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.

The principals of Blue Point were previously affiliated with Key Equity Capital (“KEC”), the private equity investment group of KeyCorp, a publicly-traded bank holding company based in Cleveland, prior to spinning out in 2000 to form Blue Point. Key Capital Corporation, an affiliate of KEC, is an investor in certain of the Partnerships and the principals of the Advisers advise KEC and KeyCorp with respect to certain business matters. Blue Point utilizes KeyCorp to provide its banking and custodial services.

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

The Advisers have adopted the Blue Point Code of Ethics and Securities Trading Policy and Procedures (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 Blue Point's Chief Compliance Officer at (216) 535-4710. 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 Blue Point 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 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.

From time to time, the General Partners may borrow funds on behalf 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 limited partners, 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 any 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 applicable Private Investment Fund or applicable LP Committee.

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 on behalf of a Private Investment Fund, to the extent they do so, they 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. As a result, although the Advisers generally will seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

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.

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 Blue Point Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained 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 (including reports of acquisitions and dispositions) for each portfolio company quarterly.

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 many cases, offset a portion of the Management Fees paid by the Partnerships. However, in other cases, these fees would be in addition to Management Fees. See “Fees and Compensation.”

The Advisers or their affiliates may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a limited partner in a Private Investment Fund. Any fees and expenses payable to any such placement agents will be paid by the applicable Private Investment Fund but borne by the relevant Adviser indirectly through an offset against the Management Fee.

CUSTODY

The Advisers maintain custody of the Partnerships' assets held in the Partnerships' names with KeyBank National Association, a qualified custodian located at 127 Public Square, Cleveland, OH 44114.

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 certain restrictions on investing in certain types of securities. 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. The Advisers assume this discretionary authority pursuant to the terms of the Partnership Agreement, the investment management agreement between each Partnership, the applicable General Partner and the Management Company and powers of attorney executed by the limited partners of each Partnership.

VOTING CLIENT SECURITIES

The Advisers have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for 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 an LP Committee, 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 Blue Point 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 the Blue Point's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Blue Point's Chief Compliance Officer at (216) 535-4700, 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.