

Form ADV Part 2A – Firm Brochure

THE CAPSTREET GROUP, LLC
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This brochure provides information about the qualifications and business practices of The Capstreet Group, LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 713-332-2725 or kkohlmeyer@capstreet.com.

This information has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about The CapStreet Group, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

There have been no material changes since February 13, 2012, the date of our last brochure.

Item 3: Table of Contents

Item 4: Advisory Business	4
Item 5: Fees and Compensation.....	5
Item 6: Performance-Based Fees and Side-by-Side Management.....	6
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9: Disciplinary Information	11
Item 10: Other Financial Industry Activities and Affiliations	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12: Brokerage Practices	14
Item 13: Review of Accounts	15
Item 14: Client Referrals and Other Compensation.....	16
Item 15: Custody.....	16
Item 16: Investment Discretion.....	17
Item 17: Voting Client Securities	17
Item 18: Financial Information	17

Item 4: Advisory Business

The CapStreet Group, LLC (“CapStreet” or the “Firm”), a Houston-based private equity firm, was founded in 1997 to make investments in privately-held companies with enterprise values of less than \$150 million (“Lower Middle-Market” companies) headquartered primarily in Texas and other Sunbelt states. George B. Kelly is the sole owner of the Firm. CapStreet was originally named Summit Capital Group, LLC; its name was changed to CapStreet in 2002. Prior to the formation of CapStreet, Mr. Kelly actively invested in similar Lower Middle-Market companies.

For purposes of this brochure, “CapStreet” includes all affiliates that provide advisory services to and receive fees from private equity funds (the “Funds”), which are pooled investment vehicles structured as U.S. limited partnerships that are not registered and are not required to be registered under the Investment Company Act of 1940, as amended. We may refer to the Funds as our “Clients.” CapStreet generally provides investment management services directly and through affiliated management entities established with respect to the Clients for operational and other purposes (each, a “Relying Adviser”). CapStreet controls, or is under common control with, each Relying Adviser.

As of December 31, 2012, CapStreet’s primary fund under management is CapStreet III, L.P. (“Fund III”), which was formed May 2, 2008. Affiliates of CapStreet, which are included under CapStreet’s SEC registration, act as the general partner and the manager of Fund III.

CapStreet is also managing the wind-down of a prior fund, CapStreet II, L.P. CapStreet II, L.P. (“Fund II”) and its associated funds, CapStreet Parallel II, L.P. and CapStreet Co-Investment II-A, L.P., are collectively referred to as the “CapStreet II Funds” herein. As of the date of this brochure, all of the portfolio company investments of the CapStreet II Funds have been sold, and the remaining assets of the CapStreet II Funds consist primarily of their interests in escrow accounts related to prior sales and cash held in reserve for potential liabilities. Affiliates of CapStreet, which are included under CapStreet’s SEC registration, act as the general partner and manager of Fund II.

CapStreet has focused on Lower Middle-Market companies since its founding, and has a long history of identifying growth opportunities for such companies. CapStreet’s objective is to make control investments in established businesses with proven cash flows and significant potential for organic or acquisition growth. CapStreet provides both the capital and the expert guidance that it believes are necessary to manage growth and maximize profitability for those companies.

CapStreet tailors its advisory services to the specific investment objectives and restrictions of Fund III pursuant to the investment guidelines and restrictions set forth in Fund III’s partnership

agreement and the exhibits and amendments thereto (the “Partnership Agreement”) and private placement memorandum, as supplemented from time to time (the “PPM”). However, in accordance with common industry practice, Fund III has entered into “side letters” or side agreements with certain investors in Fund III whereby CapStreet has granted certain investors specific rights, benefits, or privileges not set forth in the Partnership Agreement or the PPM. Such investor-specific rights, benefits or privileges may not be applicable to all investors and therefore may not be made available to all investors generally.

CapStreet does not participate in any wrap-fee programs.

As of December 31, 2012, CapStreet had \$208,699,000 in discretionary assets and \$-0- in non-discretionary assets under management.

Item 5: Fees and Compensation

CapStreet charges Fund III a management fee, calculated quarterly in advance, of 2% annually of aggregate commitments during the commitment period and thereafter 2% annually of invested capital (the “Management Fees”). Fund III’s Partnership Agreement provides all details concerning the Management Fees.

CapStreet earns a carried interest (the “Carried Interest”) based on the profits of Fund III and this amount is deducted from the investment proceeds of the limited partners by CapStreet or its affiliates. Fund III’s Partnership Agreement includes further detail concerning the Carried Interest. Please see Item 6 below for a further discussion of Fund III’s performance-based fees.

The Management Fees and Carried Interest are not negotiable. However, Fund III and its general partner do not collect Management Fees and Carried Interest related to investments held by CapStreet principals, employees and their affiliates.

CapStreet may occasionally earn investment banking, directors, structuring, financing, break-up or monitoring fees that are related to portfolio transactions or other services provided to portfolio companies. A portion of these fees is offset against, and therefore reduces, Fund III’s Management Fees. Please see the Partnership Agreement for a more complete description of the fee offset.

In addition, Fund III will also be subject to other ongoing investment expenses such as legal, auditing, consulting and accounting expenses, expenses of the limited partner board of advisors (the “Fund Board”), annual meetings of the limited partners, insurance and other expenses associated with the acquisition, holding and disposition of its investments, all third-party

expenses in connection with transactions not consummated and extraordinary expenses (such as litigation).

Fund III has paid a portion of organizational expenses incurred in the formation of Fund III. Fund III pays placement agent fees and related expenses when due; however, such placement agent fees and expenses reduce Management Fees by an equivalent amount.

Fund III may incur brokerage and other transaction costs. Please see Item 12 for more information about CapStreet's brokerage practices.

As noted above, asset based advisory fees are typically calculated quarterly in advance. A limited partner is generally only permitted to withdraw from a Fund under limited circumstances and will generally not be entitled to a refund of fees paid in advance.

CapStreet may, from time to time, engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments made by such potential investors to the Fund. Such fees are generally paid by the Fund; however, Management Fees are reduced by the amount of such fees. A placement agent was used in connection with the offering of interests in Fund III.

None of CapStreet's revenue from Clients results from commissions and other compensation for the sale of investment products that CapStreet recommends to its Clients. CapStreet is not a broker-dealer and does not charge commissions or markups in addition to its advisory fees.

Fund II was subject to a management fee; however, it is now in a wind-down period and is no longer subject to any such fees. The CapStreet II Funds are subject to other ongoing investment expenses, such as legal, auditing and accounting expenses, during their wind-down periods.

Item 6: Performance-Based Fees and Side-by-Side Management

As discussed in Item 5, in addition to Management Fees, an affiliate of CapStreet may receive Carried Interest, a performance-based allocation calculated as a share of the profits of Fund III, based on a percentage of such profits. The Carried Interest, as described in Fund III's Partnership Agreement, is allocated to the general partner after each limited partner receives 100% of its contributed capital plus an 8% per annum internal rate of return. Carried Interest may create an incentive for CapStreet to make more speculative investments than it would otherwise make in the absence of such performance-based compensation. However, this incentive may be mitigated somewhat by the fact that losses will reduce Fund III's profits and thus the Firm's Carried Interest.

Fund III has a “clawback” provision that requires CapStreet, upon termination of Fund III, to restore distributions to Fund III to the extent that it has received cumulative distributions of Carried Interest in excess of amounts that should have been distributed according to the distribution formula described in detail in Fund III’s Partnership Agreement.

Item 7: Types of Clients

CapStreet provides advice directly to pooled investment vehicles, which are U.S. limited partnerships sponsored by CapStreet, and not to individual investors. Eligibility to invest in Fund III is limited to investors who meet specified minimum criteria relating to such items as financial holdings and investment experience, which are further detailed in Fund III’s subscription agreement. CapStreet’s private equity strategies are typically targeted to institutions, fund of funds, qualified pension plans and sophisticated, high net worth individuals.

Details concerning minimum initial and additional subscription amounts, as well as a description of the investment objectives and risk factors, are found in Fund III’s PPM which is provided to investors.

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

Investment Strategies

CapStreet targets control investments in privately-held companies with enterprise values of less than \$150 million. It focuses its sourcing efforts on companies headquartered in the greater Houston area, or elsewhere in Texas and other Sunbelt states. Its primary industry focus is on industrial distribution and manufacturing and business services.

CapStreet’s strategy is to invest in established businesses with proven cash flows and the potential for significant organic or acquisition growth. CapStreet looks for investments where its ownership and ongoing involvement can be a catalyst for accelerating growth, improving operating efficiencies, and increasing profitability.

Methods of Analysis

CapStreet identifies investment opportunities through its network of relationships with industry executives, professionals, business brokers and other intermediaries. After identifying a potential control investment opportunity, CapStreet undertakes a comprehensive due diligence process, including:

- The collection and analysis of company-specific information, including historical and projected financial and operating information, and information regarding management and employees.
- A study of the company's industry and its competitive situation within the industry, using industry experts or other consultants when appropriate.
- Evaluation of the company's business, including its management and systems capabilities, pricing strategies, product line profitability, branding, marketing and sales strategies and capabilities, operating processes, and productivity statistics.
- The identification of post-investment strategies and tactics to accelerate revenue growth, organically or through acquisition, and increase profitability.
- The utilization of outside legal, accounting, tax, environmental, insurance, and other subject matter experts as appropriate.

During the course of the due diligence for a potential acquisition, the members of the CapStreet team directly involved (the "Deal Team") report on the progress to the Investment Committee on a regular basis, and the Investment Committee is consulted at key points during the negotiations.

Following the acquisition of a portfolio company, CapStreet appoints one or more of its principals to serve on the company's Board of Directors. The Deal Team participates with the company's management to set strategic priorities and performance targets. CapStreet works with the company to build and professionalize the management team, and to execute on opportunities for revenue and profitability growth identified during the due diligence process, and others that evolve over the course of the investment.

These strategies and the investments in which Fund III invests involve risk of loss to investors and investors must be prepared to bear the loss of their entire investment in Fund III.

Risks of Loss

Please see the PPM for a more detailed discussion of all material risks of Fund III.

Risks Related to Investment Strategies

Dependence on Principals

The success of Fund III depends on the CapStreet's ability to identify and consummate suitable investments, to manage and monitor portfolio companies, and to dispose of Fund III's investments at a profit. CapStreet's success will, in turn, be highly dependent on its investment principals. The loss of one or more of these individuals could have a material adverse effect on the performance of Fund III.

Although the CapStreet's principals commit substantially all of their business efforts to the Firm, they are not all required to devote all of their time to the Funds' affairs.

Potential for Loss of Investment

While CapStreet intends to make investments that have estimated returns commensurate with the risks taken, there can be no assurances that the targeted IRR will be achieved. On any given investment and in Fund III as a whole, loss of all or a portion of the original amount of the investment is possible.

Uncertainty About Ability to Complete Investments

The business of identifying and structuring transactions of the nature and in the industries contemplated by Fund III is highly competitive. There can be no assurance that Fund III will be able to locate and complete investments that satisfy their rate of return objectives or realize their values or that Fund III will be able to fully invest its committed capital.

Future Investments Unspecified

CapStreet anticipates making future investments in portfolio companies, and not all of those investments have been identified at this time. Limited partners will be relying on the ability of the Firm to select all of the investments to be made.

Portfolio Financial Concentration

Fund III will participate in a limited number of investments. As a consequence, the aggregate returns or losses of Fund III may be affected significantly by the performance of a single investment.

Need for Additional Investments

Fund III may be called upon to provide follow-on funding for portfolio companies or have the opportunity to increase investments in portfolio companies. Although CapStreet intends to reserve funds for anticipated follow-on investment requirements, there can be no assurance that Fund III will be able to make such additional investments or that there will be sufficient uncalled capital commitments to do so.

Reliance on Portfolio Company Management

CapStreet monitors the performance of each investment and maintains an active and ongoing dialogue with each portfolio company's management team. Nevertheless, the management teams of the portfolio companies are primarily responsible for operating the companies on a day-to-day basis. Although the Firm intends to invest in companies with strong operating management teams that have successful track records or to recruit qualified replacement management, there can be no assurance that each portfolio company's management team will be able to operate the company successfully.

Contingent Liability to Repay Certain Distributions

In connection with the disposition of an investment in a portfolio company, Fund III may be required to make representations about the business and financial affairs of the portfolio company and to indemnify the purchasers of such investment if those representations are inaccurate. Also, CapStreet will be entitled to indemnification from the Fund, except in certain circumstances. The limited partners of Fund III may be required to repay Fund III or to pay creditors of Fund III from distributions previously received by them.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of the investments held by Fund III. Instability in the securities markets may also increase the risks inherent in Fund III's investments. The ability of portfolio companies to grow may depend on their ability to sell new securities.

Risk Arising from Provision of Managerial Assistance

Fund III will typically seek to designate investment professionals of CapStreet to serve on the boards of directors of portfolio companies. The designation of directors could expose the assets of Fund III to claims by a portfolio company, its security holders and its creditors. While CapStreet manages Fund III in a way that is intended to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

In-Kind Distributions

Fund III's partnership agreement permits CapStreet to cause Fund III to distribute investments in-kind, even if the securities being distributed are not yet marketable. The exercise of such a right may create difficulties in establishing the appropriate valuation of the securities being distributed in order to determine whether the limited partners have received their capital or preferred return and whether CapStreet is entitled to distributions with respect to its Carried Interest.

Failure to Fund Commitments; Consequences of Default

If limited partners fail to fund their commitments when due, Fund III's ability to complete its investment program or otherwise to continue operations may be substantially impaired and could reduce returns to Fund III.

Leverage

If Fund III invests in companies with leveraged capital structures, the investment will be subject to increased exposure to adverse economic factors, such as a rise in interest rates, a downturn in the economy or deterioration in the condition of the company or its industry.

Risks Associated with Types of Securities

Illiquidity of Investments

An investment in Fund III requires a long-term commitment with no certainty of return. Most of Fund III's investments are illiquid, and there can be no assurance that Fund III will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind.

No Market for Interests; Restrictions on Transfer

Fund III's interests have not been registered under the Securities Act or state securities laws, and therefore cannot be sold unless they are subsequently registered under the Securities Act and other applicable securities laws, or an exemption from such registration is available. Fund III does not contemplate registering the interests under the Securities Act or other applicable securities laws. There is no public market for the interests in Fund III, and none is expected to develop. Moreover, an interest is not generally transferable without approval by CapStreet. In addition, limited partners may not withdraw capital from the partnership. Therefore, an investment in Fund III should be considered illiquid.

Time Required to Maturity of Investment

It is likely that no significant return from the disposition of Fund III's investments will occur for a significant period of time from the initial closing date. In addition, Fund III's investments may not be disposed of at advantageous prices before the date Fund III is required to be dissolved.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events occurring during the past 10 years that would be material to your evaluation of CapStreet or the integrity of CapStreet's management.

CapStreet has no legal or disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Other Investment Advisers

CapStreet, either directly or indirectly, controls, or is under common control with, the following Relying Advisers, which are each operated out of CapStreet's offices:

- CapStreet Management, L.P.
- SCG Management, L.P.

Sponsors of Limited Partnerships

CapStreet GP II, L.P., and CapStreet GP III, L.P. serve as general partner to Funds organized as limited partnerships and conduct no other financial activities.

Pooled Investment Vehicles

CapStreet serves as investment adviser to the Funds, each of which is a pooled investment vehicle.

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

Code of Ethics and Personal Trading

CapStreet has adopted a Code of Ethics in accordance with Section 206 of the Investment Advisers Act of 1940 and Rule 204A-1 under that Act (the “Code”). The Code provides for a high level of ethical conduct applicable to the Firm’s partners and employees (“Covered Persons”), and obligates all Covered Persons to put Clients’ interest over their own. The purposes of the Code are to (i) educate Covered Persons about CapStreet’s expectations and the laws governing their conduct, (ii) remind Covered Persons that they are in a position of trust, (iii) protect CapStreet’s reputation, (iv) guard against violation of the Federal Securities Laws, (v) protect Clients by deterring misconduct, and (vi) establish procedures for Covered Persons to follow to assess compliance with our ethical principles. CapStreet’s Chief Compliance Officer (“CCO”) monitors compliance with the Code by reviewing required disclosures of personal securities accounts and transactions, gifts and entertainment, political contributions, outside business activities and other affirmations of compliance by Covered Persons.

CapStreet, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which CapStreet or its related persons have invested or seek to invest. The Code includes policies and procedures concerning “inside information” that are designed to prevent the misuse of material, non-public information. Covered Persons are required to certify to their compliance with the Code, including the Insider Trading Policy, on a periodic basis. CapStreet is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of another person, regardless of whether such person is a Client. The Firm maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such

information and to ensure that the Firm is meeting its obligations to Clients and remaining in compliance with applicable law.

Potential or existing investors in CapStreet-sponsored Funds may request a copy of the Code by contacting CapStreet's CCO, Katherine Kohlmeyer, at (713) 332-2725 or by electronic mail at: kkohlmeyer@capstreet.com.

Participation or Interest in Client Transactions

Certain principals, employees and affiliates of CapStreet have invested in Fund III through its general partner and/or as limited partners. Fund III or its general partner, as applicable, may reduce all or a portion of the management fee and Carried Interest related to investments held by such persons. For further details regarding other conflicts of interest, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

Fund III has a diverse range of limited partners that may have conflicting interests stemming from differences in investment preferences, tax status and regulatory status. CapStreet will consider the objectives of Fund III and the partners as a whole when making investment decisions with respect to the selection, structuring and sale of portfolio investments. However, such decisions may be more beneficial for one limited partner than for another. Other possible conflicts of interest that may affect Fund III include:

- Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing.
- Fund III may participate in recapitalization transactions involving portfolio companies that present conflicts of interest including determinations of whether existing investors are being cashed out at a price that is lower than market value and whether new investors are paying too high a price for the company or purchasing securities with terms that are less favorable than prevailing market terms.
- The general partner of Fund III may determine in good faith that it is in the best interests of Fund III to offer all or a portion of an investment opportunity to specific limited partners who have expressed an interest in co-investment opportunities, or to other third parties. Conflicts of interest may arise in the allocation of such co-investment opportunities to specific limited partners or other parties.
- The existence of CapStreet's Carried Interest may create an incentive for CapStreet to cause Fund III to make higher risk investments than it would otherwise make in the absence of performance-based compensation.

- Exclusive of its principals, the Fund Board will devote such time and attention as necessary to carry out its obligations to Fund III. However, the non-principal members of the Fund Board have other professional obligations including senior executive, supervisory or board positions, which are not related to Fund III or its portfolio companies. Therefore, conflicts of interest may arise in allocating time, services or functions among Fund III and the time required for these other obligations.
- CapStreet may charge investment banking, structuring, financing, break-up, monitoring or other fees in connection with an investment or ongoing activities of a portfolio company. All such fees will be property of the Firm and only one-half of such fees it receives will be shared with Fund III, potentially creating an incentive for CapStreet to focus its available resources on generating such fees.

Successor Funds

Unless consented to by at least 66 2/3% in interest of the limited partners of Fund III, CapStreet will not form or close a new pooled, multi-investment partnership with objectives substantially similar to those of Fund III until the earlier of (i) the end of the commitment period of Fund III or (ii) such time as Fund III is at least 75% invested (including amounts committed for investments pursuant to the existing commitments and amounts reserved for follow-on investments and reasonably anticipated expenses of the partnership).

Item 12: Brokerage Practices

As Fund III invests primarily in privately-held companies, investments in publicly traded securities will generally be infrequent occurrences (e.g., money market instruments, pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, purchase of securities of a public company with the consent of that issuer's board with the intent to acquire control). However, to meet its fiduciary duties to Fund III, CapStreet has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

CapStreet has, subject to the direction of Fund III's general partner, sole discretion over the purchase and sale of investments and the selection of the broker or dealer, if any, to be used to effect transactions. In placing each transaction for Fund III involving a broker-dealer, the Firm will seek "best execution" of the transaction. "Best execution" means obtaining for Fund III the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputation and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, CapStreet takes into account all factors that it considers relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

CapStreet does not generally receive "soft dollars" in connection with its use of broker-dealers.

CapStreet did not acquire any products or services (other than execution) with Client brokerage commissions during the last fiscal year.

CapStreet does not consider, in selecting broker-dealers, whether the broker-dealer has referred Clients to CapStreet or an affiliate.

CapStreet does not permit a Client to direct brokerage to particular broker dealers.

Item 13: Review of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, CapStreet's review process is not normally focused on a short-term decision to dispose of securities. CapStreet does maintain oversight of the Funds' investments as outlined below.

Oversight and Monitoring

CapStreet works closely with its portfolio company management teams and boards of directors to develop and set the strategic and operational direction of each portfolio company. Utilizing the complementary backgrounds of its investment team, the Firm begins with an overall investment thesis, and then develops detailed company goals and objectives.

The investment committee meets several times annually to review all the current portfolio company investments in detail, including the historical and forecasted operating results and strategic priorities of each. In addition, the investment committee discusses issues related to portfolio company investments in connection with its regularly scheduled weekly meetings or in specially-scheduled meetings when specific relevant issues arise. Performance is measured on a quarterly and annual basis, and the operating strategy is adjusted when appropriate.

CapStreet's investment committee must unanimously approve all new and follow-on portfolio company investments.

Reporting

Fund III's limited partners receive audited financial statements annually, within 105 days of the fiscal year end of Fund III, and unaudited financial statements and descriptive investment information for each portfolio company quarterly within 45 days of each interim quarter-end.

CapStreet holds annual meetings of limited partners of Fund III to review and discuss Fund III's investment activities. The Firm's principals also make themselves available to limited partners during the year as necessary.

Item 14: Client Referrals and Other Compensation

CapStreet does not have any arrangements pursuant to which someone other than the Funds provides an economic benefit to CapStreet for providing investment advice or advisory services to the Funds.

As discussed in Item 5, CapStreet may earn investment banking, structuring, financing, directors', monitoring, break-up or other fees. Please see the relevant Fund's Partnership Agreement for a description of how these fees may reduce the Management Fee. Also, please see Item 11 for a description of the fees and how related conflicts of interest are addressed.

As discussed in Item 5, CapStreet may, from time to time, engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments made by such potential investors to the Fund. Such fees are generally paid by the Fund; however, Management Fees are correspondingly reduced by the amount of such fees, so CapStreet and not the Fund (or its limited partners) bears the cost of those fees. A placement agent was used in connection with the offering of interests in Fund III.

Item 15: Custody

CapStreet is deemed to have custody of its Client funds and securities because it serves as the general partner of the Funds. With the exception of uncertificated privately offered securities, all assets of the Funds are held in custody by unaffiliated broker/dealers or banks. Limited partners will not receive statements from such custodians. Instead, the Funds are subject to annual audit and the audited financial statements will be distributed to each limited partner within 105 days of the Fund's year-end.

Item 16: Investment Discretion

Investment advice is provided directly to the Funds under the direction and control of CapStreet and not individually to the investors in the Funds. The advice is subject to the investment restrictions as set forth in the relevant Partnership Agreement and PPM.

Item 17: Voting Client Securities

CapStreet focuses on securities transactions of private companies, and therefore the portfolio companies of the Funds do not normally issue proxies. Occasionally, however, CapStreet will receive proxies in connection with a publicly traded portfolio company. With respect to securities owned by Fund III, CapStreet has adopted and implemented policies and procedures reasonably designed to ensure that proxies are voted in the best interest of Fund III. The guiding principle by which the Firm votes all proxies is the maximization of the ultimate long term economic value of the relevant Fund holdings.

CapStreet does not permit proxy voting decisions to be influenced in any manner that is contrary to this guiding principle. In exercising its voting discretion, the Firm seeks to avoid any direct or indirect conflict of interest whether it is actual or perceived. CapStreet's CCO has the responsibility to monitor votes for any conflicts of interest and to use her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with her independent assessment of the best interests of the Fund.

Copies of relevant proxy records identifying how proxies were voted in connection with the Fund and copies of proxy voting policies are available to any Client, investor or prospective investor upon written request to: Katherine Kohlmeyer, Chief Compliance Officer, The CapStreet Group, 600 Travis, Suite 6110, Houston, TX 77002.

Item 18: Financial Information

This item is not applicable.