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**This Brochure provides information about the qualifications and business practices of Clayton, Dubilier & Rice, LLC (the “Adviser,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (212) 407-5295. 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 securities authority.**

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

The Adviser is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

## **Item 2 – Material Changes**

The Adviser's registration with the SEC became effective in March 2012. Accordingly, pursuant to disclosure rules under the Advisers Act and in connection with its annual Form ADV amendment, the Adviser is now providing updates to the Brochure, including but not limited to the specific material changes set forth in this Item 2.

In 2012, CD&R entered into a strategic alliance to form Kedaara Capital Investment Mangers Limited, a related person of the Adviser. Kedaara targets two distinct types of investment opportunities in India: (i) corporate divestitures of under-managed and/or non-core business units locked within large Indian-family conglomerates that have limited or no strategic value to their existing parent company; and (ii) emerging leaders competing in selected sectors reaching critical mass in India, such as consumer, financial and business services, pharmaceuticals/healthcare and agriculture/resources. See Item 10 - Other Financial Industry Activities and Affiliations for further detail regarding Kedaara.

We have also modified Item 5 (*"Allocation of Fees and Expenses"*) and Item 11 (*"Allocation Of Investment And Sale Opportunities Policy"*) to provide further clarity regarding the allocation of expenses of certain items and the allocation of co-investment opportunities, respectively.

We encourage all recipients of this Brochure to read it carefully in its entirety.

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## **Item 4 – Advisory Business**

### ***Generally***

The Adviser, a Delaware limited liability company, was formed in October 2009. The Adviser succeeded Clayton, Dubilier & Rice, Inc. (“CD&R Inc.”) in November 2009 as the manager of various private equity funds. CD&R Inc. was founded in 1978 and acted as manager to such private equity funds until it was succeeded by the Adviser.

### ***Principal Owners***

The sole and managing member of the Adviser is Clayton, Dubilier & Rice Holdings, L.P. (“Holdco”). Holdco is owned directly and indirectly by senior professionals of the firm (as limited partners) and CD&R Inc. (as indirect general partner). CD&R Inc. is owned by Mr. Joseph L. Rice, III and Mr. Donald J. Gogel, however Firm profits are distributed broadly among senior professionals based on specified sharing percentages.

### ***Advisory Services***

The Adviser provides investment advice to private equity funds (each, a “Fund”) with respect to the Funds’ private equity investments. The investment strategy of the Adviser is described in Item 8 below and set forth more fully in the private placement memorandum (as supplemented or amended, the “Private Placement Memoranda”) of each “primary Fund” described below. The Adviser provides services to each Fund in accordance with the limited partnership or similar governing agreement of such Fund (each, a “Partnership Agreement”) and, where applicable, the management agreement between the Adviser and such Fund (each, a “Management Agreement”). The Adviser’s sole clients are the Funds. The Adviser’s investment advice to the Funds is limited to the type of advice described in this Brochure.

### ***Fund Structure***

In connection with the structuring and marketing of a new Fund, the Adviser forms a primary Fund, the Partnership Agreement of which typically permits the general partner of the Fund to form one or more co-investment vehicles (each, a “Co-Investment Vehicle”) for purposes of investing in some or all of the investments made by the primary Fund. The Funds include a number of Co-Investment Vehicles formed for such purpose. Certain of the Co-Investment Vehicles are structured as limited liability companies or other similar entities; where applicable. When we refer to limited partners and general partners in this Brochure, we are also referring to the equivalent investors and managers of such entities.

Each Fund is managed by the Adviser, which investigates, analyzes, structures and negotiates potential investments. The Adviser has general authority to recommend investments to the Fund's general partner, subject to the limitations set forth in the Management Agreement and/or Partnership Agreement of such Fund. The management and the conduct of the activities of each Fund remain the ultimate responsibility of such Fund's general partner. The general partner of each Fund is an affiliate of the Adviser.

### ***Investment Restrictions***

Each Partnership Agreement contains or incorporates by reference restrictions on investing in certain securities or types of securities. Such restrictions may in certain cases be waived in accordance with the Partnership Agreement of a Fund with the consent of the Fund's advisory committee, consisting of representatives of limited partners in the Fund who are not affiliated with the Adviser.

### ***Management of Client Assets***

As of December 31, 2012, the Adviser managed \$13,607,975,957 of client assets on a discretionary basis and no client assets on a nondiscretionary basis.

## **Item 5 – Fees and Compensation**

### ***Adviser Compensation***

Certain Funds pay the Adviser an annual management fee (the "Management Fee") in accordance with each such Fund's Partnership Agreement and Management Agreement, as negotiated collectively with the investors of each such Fund. The Management Fee is payable to the Adviser in tri-annual installments in advance, funded by drawdowns of unfunded capital commitments of limited partners ("Limited Partners") or amounts withheld from proceeds otherwise distributable to the Limited Partners, in each case in accordance with the Fund's Partnership Agreement.

The Management Fee is generally calculated as 1.5% of capital commitments of Limited Partners to the Fund through the earlier of the end of such Fund's investment period and the date on which the Adviser or its affiliates are entitled to receive management fees from a successor fund. Thereafter, the management fee is generally calculated as 0.75% of funded capital commitments that remain invested in portfolio companies. Certain of the Funds (including a number of Co-Investment Vehicles), however, pay no Management Fee.

The Management Fee calculated with respect to each Limited Partner is typically subject to reduction for certain amounts, including: (a) contributions made by such Limited Partner to the Fund to pay any placement fees paid or payable by the Fund (with the result that placement fees are borne by the Adviser); (b) such Limited Partner's *pro*

*rata* share of organizational expenses paid or payable by the Fund, to the extent they exceed a specified amount set forth in the relevant Fund documents; and (c) such Limited Partner's *pro rata* share of a specified percentage (specified in the relevant Fund documents) of directors' fees, transaction fees, consulting fees, monitoring fees and/or other types of "fee income" received by the Adviser or certain of its affiliates. Fee income allocable to certain Co-Investment Vehicles is retained by the Adviser in accordance with the relevant Partnership Agreements, and does not reduce the Management Fee with respect to any Fund.

The Management Agreements of the Funds generally provide that, upon termination of the Management Agreement, the Adviser shall repay to the Fund or to a replacement manager, as directed by the Fund's general partner, the unearned portion (computed on the basis of the number of days elapsed), if any, of any Management Fees previously paid to the Adviser.

Item 6 below discusses the distribution of carried interest, an additional performance-based compensation paid to certain related persons of the Adviser.

### ***Allocation of Fees and Expenses***

The Funds (and indirectly their partners) also bear (to the extent not reimbursed by a portfolio company) certain costs and expenses incurred by the Adviser and/or its affiliates in connection with the operation and activities of the Funds. These expenses include (a) expenses incurred in connection with identifying, evaluating, structuring and negotiating proposed Fund investments (including those that are not ultimately consummated by the Fund) and the acquisition, management, holding, sale, proposed sale or valuation of Fund investments (including, among other things, legal, consulting and accounting expenses and, where contemplated by the applicable Partnership Agreement, meals, entertainment and travel expenses); (b) ongoing administrative expenses, including, among other things: telephone charges, Internet website hosting and maintenance, contact relationship management ("CRM") software, public relations expenses, costs of reporting to, and other ongoing discussions with, Limited Partners (including travel expenses relating thereto), and annual meeting costs and external legal, brokerage, custodial and accounting expenses.

The types of fees and expenses that are charged to the Funds in connection with identifying, evaluating, structuring and negotiating proposed Fund investments (including those that are not ultimately consummated by the Fund) and the acquisition, management, holding, sale, proposed sale or valuation of Fund investments include, where contemplated by the applicable Partnership Agreement, among other things: meals, entertainment, lodging and travel expenses (collectively, "travel expenses"). Travel expenses associated with the acquisition, holding and disposition of investments (including firm meetings related thereto) may include, on occasion, the use of non-

commercial planes on a time-share basis. In these cases the allocable cost of such time sharing arrangements will be charged to the Funds.

The Adviser allocates each of the costs noted above among the Funds in good faith and in accordance with the fiduciary duty that it owes to each of its clients. With respect to certain allocable costs that are not related to a particular Fund or portfolio company, the Adviser generally allocates all or the majority of such costs to the Fund or Funds that have an active investment period.

Expenses and fees generated in the course of evaluating and making investments (including proposed investments that are not ultimately consummated), such as out-of-pocket fees associated with due diligence, attorney fees and the fees of advisors, consultants or other similar professionals, are allocated to the Fund(s) considering the proposed investment by the Adviser in its good faith discretion and in accordance with the Global Code of Conduct and Regulatory Compliance Program Manual (the “Code of Ethics”) adopted by the Adviser (described in Item 11 below). Administrative expenses are allocated among the primary Funds and the Co-Investment Vehicles, except in certain circumstances where the Adviser, in good faith, deems it appropriate to allocate such expenses solely among the primary Funds.

In addition to the full-time investment professionals of the firm, the Funds engage the services of certain operating advisers to work actively with the firm on sourcing and evaluating new transactions, as well as providing strategic insights related to portfolio company matters. While these advisers have from time to time been referred to as “Advisory Operating Partners,” “Special Partners,” “Operating Advisors” or “Senior Advisors,” they are not partners or employees of the Adviser or any of its affiliates, but rather consultants engaged by or on behalf of certain Funds. The compensation of such individuals is generally borne by the relevant Fund or portfolio company with respect to which such consultant provides services.

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

Pursuant to the Partnership Agreements of certain Funds, the general partner (the “General Partner”) or ‘special limited partner’ (the “Special Limited Partner”) of such Funds is entitled to receive “carried interest” with respect to each Limited Partner equal to 20% of such Limited Partner’s investment profits in respect of Funds, subject to satisfaction of an 8% hurdle rate. Each General Partner and Special Limited Partner is a related person of the Adviser. Such carried interest is generally paid out of proceeds realized from the applicable investments of the Fund. The Partnership Agreements of certain of the Co-Investment Vehicles provide for no, or significantly reduced, carried interest.

Different effective rates of carried interest among Funds may create differing incentives for the Adviser, including in allocating investment opportunities among such



Funds. This conflict is mitigated by the fact that as a general matter, the Adviser will only be selecting investments for a single primary Fund at any given time. As a primary Fund nears the end of its investment period, the Adviser may raise a new Fund and, in the circumstances where the predecessor Fund has sufficient remaining capital for investments, the Adviser will allocate investments between the predecessor Fund and the new Primary Fund in good faith in accordance with the “Allocation Of Investment And Sale Opportunities Policy” (described in Item 11 below). In addition, the Partnership Agreements and the Code of Ethics include specific parameters for investment allocations that are designed to address the conflicts of interest inherent in these differing incentives.

## **Item 7 – Types of Clients**

As described in Item 4 above, the Adviser’s sole clients are the Funds. Limited Partners in Funds (other than Co-Investment Vehicles) are generally required to make a minimum commitment of \$20 million, but the applicable general partner has the discretion to waive, and has previously waived, this minimum commitment in certain circumstances. Limited Partners in Co-Investment Vehicles are generally not required to make any specific minimum commitment. Limited partner interests in the Funds may be purchased only by investors that are (a) “accredited investors,” as defined in Regulation D of the U.S. Securities Act of 1933, as amended, and (b) (other than with respect to certain Co-Investment Vehicles) “qualified purchasers” for purposes of section 3(c)(7) of the Investment Company Act of 1940, as amended.

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

### ***Methods of Analysis and Investment Strategies***

The investment strategy of the Funds is to realize significant long-term capital gains by investing in equity, equity-related and other securities and obligations of entities (a) formed to effect, or that are the subject of, leveraged buy-out transactions, (b) that are being recapitalized or (c) that require capital for operations or business expansion. The Funds primarily pursue investments in non-core divisions of large corporations, which are typically in need of strategic and operational transformation. These businesses are often market leaders in attractive industries but have underperformed their potential due to a lack of strategic fit and support from the previous corporate parent.

The Adviser typically obtains information with respect to potential portfolio companies from management and other representatives of such companies. The Adviser utilizes carefully designed and rigorous due diligence procedures to identify and quantify the productivity, cost structure and working capital improvement opportunities that can realistically be achieved with respect to each potential investment.

To facilitate this investment strategy, the Adviser focuses on the analysis of businesses that: (i) are fundamentally well-positioned and operate in relatively benign industries; (ii) have broad “spread of risk” characteristics and have very limited exposure to “uncontrollable” risks such as technological changes or government regulation; and (iii) possess significant, quantifiable operational improvement opportunities that can be realized by leveraging the operating skills of the firm’s investment professionals.

***Certain Risks Relating to the Investment Strategies of the Funds***

Investing in securities involves risk of loss that clients should be prepared to bear, including the risks discussed below. These risks are generally applicable to the investment strategy of each Fund (although certain risks described below may not be applicable to the activities of Co-Investment Vehicles, certain of which were formed for the purpose of co-investing with a Fund in a single portfolio company). The risks summarized below are described in greater detail in the Private Placement Memoranda provided to Limited Partners. The risks include those related to:

- changes in general economic conditions;
- availability of debt financing for transactions;
- highly competitive market for investments;
- reliance on the expertise of investment professionals of the Adviser and its affiliates;
- potential conflicts of interest among Funds or between the Funds on the one hand and the Adviser, and its affiliates and investment professionals on the other hand;
- exposure to portfolio company and related party claims;
- potential liabilities in connection with dispositions of investments;
- failure or inability of a Fund to make follow-on investments in a portfolio company;
- reliance on portfolio company management;
- certain additional economic, political, regulatory and other risks relating to non-U.S. investments, including the volatility of the equity markets and the securities markets generally;
- illiquidity of investments;
- lack of diversification;
- investments in portfolio companies with high levels of debt;
- potential liabilities related to portfolio company bankruptcies or restructurings;  
and

- possible investments in debt instruments, including those below investment grade.

There are certain risks (in addition to risks related to our investment strategy) associated with investing in the Funds, which are also described in the Private Placement Memoranda.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to clients' evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no information to disclose that is applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

The General Partners and Special Limited Partners of the Funds, as applicable, are affiliated with the Adviser by common ownership. In addition, related persons of the Adviser that are affiliated by common ownership serve as sub-adviser in respect of certain of the Funds. Otherwise, the Adviser and its related persons do not have any relationships or arrangements with financial services companies that pose material conflicts of interest. Should conflicts of interest arise in the context of these relationships, they will be addressed in accordance with the Code of Ethics (described in further detail in Item 11 below), and in the Partnership Agreements of the Funds, as applicable.

In 2012, CD&R entered into a strategic alliance to form Kedaara Capital Investment Mangers Limited ("Kedaara"), a related person of the Adviser. Holdco (as defined in Item 4 - Principal Owners) owns a minority interest in Kedaara and certain Supervised Persons of the Adviser serve on the board of directors of Kedaara. Kedaara targets two distinct types of investment opportunities in India: (i) corporate divestitures of under-managed and/or non-core business units locked within large Indian-family conglomerates that have limited or no strategic value to their existing parent company; and (ii) emerging leaders competing in selected sectors reaching critical mass in India, such as consumer, financial and business services, pharmaceuticals/healthcare and agriculture/resources.

The Adviser will be subject to certain restrictions as a result of CD&R's relationship with Kedaara. For example, neither CD&R nor the Funds may make any investment in a portfolio company organized or operating principally in India unless such investment opportunity has first been offered to Kedaara. Additionally, investment funds managed by Kedaara will have the right to co-invest alongside the Funds in certain "outbound deals" (i.e., certain investments alongside an Indian company or in a portfolio company that is majority owned by an Indian company). The Adviser does not expect that CD&R's relationship with Kedaara will materially restrict the Funds' investment

activities; the Funds have not historically invested in Indian businesses and while the Funds may invest globally, there is no current intention to recommend investments in India-based portfolio companies to the Funds. CD&R also has agreed to provide Kedaara with strategic access to its investment professionals and other resources upon reasonable request, including, but not limited to, consultation with CD&R operating partners regarding particular issues that arise within their areas of expertise. The Adviser does not expect CD&R operating partners to devote a material amount of time to these activities.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### ***Code of Ethics***

The Adviser has adopted the Code of Ethics pursuant to SEC Rule 204A-1 under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) for all Supervised Persons of the firm describing its high standard of business conduct and fiduciary duty to the Funds under the Advisers Act. “Supervised Persons” include (a) any partner, officer, director (or other person occupying a similar status or performing similar functions) or employee of the Adviser and (b) any other person who provides investment advice on behalf of the Adviser and is subject to the Adviser’s supervision and control.

The Code of Ethics was adopted in order to establish the standard of conduct expected of all of the Adviser’s Supervised Persons, in light of the Adviser’s duties to the Funds under the Advisers Act. The Code of Ethics includes provisions relating to the confidentiality of information relating to Limited Partners, a prohibition on insider trading, a prohibition on disseminating rumors, procedures on the use of industry experts, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, restrictions and reporting obligations relating to making political contributions and anti-money laundering and sanctions policies, among other matters. All Supervised Persons of the firm must acknowledge the terms of the Code of Ethics annually, as it may be amended from time to time.

In addition, the Adviser has adopted a strict personal securities transactions policy under its Code of Ethics that forbids any Supervised Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. Certain classes of securities have been designated as exempt transactions under the Code of Ethics, based upon a determination that these exemptions would not materially interfere with the best interest of the Funds. The Code of Ethics restricts trading in close proximity to Fund investment activity. Subject to certain limited exceptions, all employees are required by the Code of Ethics policy to:

- report personal securities transactions to the Chief Compliance Officer;

- pre-clear personal securities transactions in reportable securities (for employees considered to be “access persons” under SEC rules); and
- annually report securities holdings to the Chief Compliance Officer.

Employee trading is routinely monitored by the Chief Compliance Officer pursuant to the Code of Ethics in order to reasonably prevent or address conflicts of interest among the Adviser, Supervised Persons and the Funds.

All employees receive periodic training as necessary regarding our personal securities trading policies and related matters. In addition, employees must annually confirm that they have read and understand our Code of Ethics, including the personal securities trading policy.

The Funds, Limited Partners, and prospective investors in the Funds may request a copy of the Code of Ethics, free of charge, by contacting the Adviser’s Chief Compliance Officer.

#### ***Participation or Interest in Client Transactions***

The Adviser investigates and structures potential investments of the Funds, as described in Item 16 below. Partners and principals of the firm will have a material financial interest in these investments through their commitment to the General Partner or Special Limited Partner of certain Funds, as described in Item 6 above. The Adviser has adopted a Code of Ethics and written policies designed to ensure compliance with the provisions of each Partnership Agreement addressing potential conflicts of interest involving the Adviser and its related persons.

#### ***Allocation Of Investment And Sale Opportunities Policy***

Investment opportunities are allocated based upon the provisions of the applicable Partnership Agreement that address such situations. If the relevant Partnership Agreement does not address the manner in which the investment opportunity should be allocated, the Adviser will allocate the opportunity between or among the Funds in good faith, according to the “Compliance with Fund Investment Policies and Allocating Investment And Sale Opportunities Policy” included in the Code of Ethics. This policy governs the appropriate allocation of opportunities with respect to co-investments, follow-on investments and sale opportunities, and provides that when determining these allocations the Adviser will consider the following factors: (i) the size, nature, risk profile and type of investment opportunity; (ii) principles of diversification of assets, including, without limitation, in respect of geography, investment size and sector; (iii) the investment guidelines, limitations and investment strategies of each Fund; (iv) cash availability and leverage capabilities of each Fund; (v) the magnitude of the investment; (vi) a determination by the Adviser that the opportunity is inappropriate, in whole or in

part, for one or more of the Funds; (vii) proximity of a Fund to the end of its specified term; (viii) applicable transfer or assignment provisions (ix) applicable law; or (x) such other factors as the Adviser deems relevant in good faith.

Under the investment allocation policy, the Adviser may allocate a portion of any investment opportunity to a co-investment vehicle formed to participate in such investment alongside a Fund in accordance with the Partnership Agreement of the relevant Fund. Such co-investment opportunities may be allocated to one or more existing limited partners of such Fund, lenders, consultants, advisors (including Operating Advisors), Supervised Persons and/or strategic or other investors, in each case subject to the terms of the Partnership Agreement of the relevant Fund. Follow-on opportunities may be allocated entirely to the Fund that made the initial investment, and such allocations will generally be made in the same proportions as the initial investment. Furthermore, where a sale opportunity is identified for an investment held by two or more Funds, the opportunity will generally be allocated *pro rata* among them on the basis of their respective investments held. However, the Adviser may change an allocation with respect to co-investments, follow-on investments and/or sale opportunities in the event it determines a different allocation would be prudent or equitable based on the investment allocation considerations described in the Code of Ethics, to the extent applicable.

### ***Personal Financial Interests***

The Adviser has adopted a conflicts of interest policy in order to address the conflicts that could arise if the Adviser recommends that a Fund invest in the same securities or related securities in which the Adviser or a related person currently holds an investment. Under such policy, no Supervised Person may recommend to the Adviser that a Fund make a particular investment without first disclosing his or her interest in the potential transaction (if such an interest represents a conflict of interest) to certain designated parties. Although the Code of Ethics generally prohibits Supervised Persons from investing in or holding the securities of a Fund portfolio company outside of the Fund, such investments may be permitted in certain circumstances (including, for example, indirectly through investments in CD&R-controlled Co-Investment Vehicles as permitted by the Partnership Agreements of the Funds).

### **Item 12 – Brokerage Practices**

The Adviser focuses on making investments in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments.

The Adviser has the discretion to make investment recommendations to each Fund's general partner, which is generally authorized to make the following determinations, subject to the investment objectives and restrictions set forth in such Fund's Partnership Agreement, without obtaining prior consent from the relevant Fund or

any of its Limited Partners: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

### ***Best Execution***

To the extent the Adviser uses a broker or dealer to transact in public securities or makes other non-private equity investments (e.g., currency hedging), the Adviser seeks to obtain best execution as described in the Code of Ethics. “Best execution” means obtaining for a Fund the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer.

### ***Broker Selection***

In selecting brokers or dealers, the Adviser (and the applicable general partner and their related persons) will consider various factors, including: the reputation, experience and financial stability of the broker-dealer; the ability to maintain the Adviser’s anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer’s trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Funds have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship and quality of service rendered by the broker-dealer in prior transactions. Although the Adviser generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

### ***Research and Other Soft Dollar Benefits***

The Adviser has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution (so called “soft dollar” arrangements). However, the Adviser may receive research from brokers and dealers available to other institutional investors. Research services received from brokers and dealers are generally supplemental to the Adviser’s own research efforts. To the best of the Adviser’s knowledge, these services are generally made available to institutional investors doing business with such broker-dealers. The Adviser does not separately

compensate such broker-dealers for the research and does not believe that it “pays-up” for such broker-dealers’ services.

### ***Aggregation of Client Trades***

The purchase or sale of securities may be aggregated for various Funds to the extent that more than one Fund is acquiring or selling securities in the same portfolio company. Where a sale opportunity is identified for an investment held by two or more Funds, the opportunity will be allocated in accordance with the applicable Partnership Agreements and the Compliance with Fund Investment Policies and Allocating Investment And Sale Opportunities Policy described in Item 11 above. The Adviser will generally aggregate the securities that are to be disposed of if that is the most efficient means to dispose of the securities.

### **Item 13 – Review of Accounts**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the Fund review process is not directed toward a short term decision to dispose of securities. However, the Adviser’s investment professionals closely monitor companies in which the Funds invest and generally maintain an ongoing oversight position in such companies (including, where relevant, representation on the board of directors of such companies). Portfolio company deal teams generally conduct extensive monthly operating reviews with the management team of the portfolio company. Furthermore, all portfolio companies are typically reviewed at financial professional meetings on a weekly basis and an in-depth review is conducted quarterly at firm-wide meetings.

Limited Partners in all of the Funds receive annual audited financial statements. Additionally, Limited Partners in certain Funds receive quarterly unaudited financial reports in accordance with the Partnership Agreements of such Funds.

### **Item 14 – Client Referrals and Other Compensation**

Certain Funds have compensated one or more placement agents in accordance with the Partnership Agreements of such Funds in connection with the marketing and sale of interests in such Funds. The Partnership Agreements provide that the Management Fees are subject to reduction for contributions made by Limited Partners to the Fund to pay any placement fees paid or payable by such Funds (with the result that placement fees are borne by the Adviser).

### **Item 15 – Custody**

The Adviser has access to client (i.e., the Funds) accounts since its affiliates serve as the General Partners of the Funds. Limited Partners will not receive statements from



any custodians. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each investor within 120 days of each Fund's fiscal year end.

#### **Item 16 – Investment Discretion**

The Adviser has discretion to recommend investments for each Fund to the general partner of the Fund without the consent of the Limited Partners, subject to the limitations set forth in the Management Agreement and/or Partnership Agreement of such Fund. However, the management and the conduct of the activities of each Fund remain the ultimate responsibility of such Fund's general partner, each of which is an affiliate of the Adviser.

#### **Item 17 – Voting Client Securities**

The Adviser has adopted written policies and procedures regarding proxy voting (the “Proxy Voting Policy”) as part of the Code of Ethics, as set forth below. The Funds invest primarily in private companies, which typically do not issue proxies. When the Adviser receives proxies in connection with publicly traded portfolio companies of the Funds, it is the Adviser's policy to exercise the proxy vote in the best interest of the applicable Fund, taking into consideration all relevant factors, including without limitation, acting in a manner that the Adviser believes will maximize the economic benefits to the Fund and promote sound corporate governance by the issuer. Whenever the Adviser is required to exercise a vote for a privately-held portfolio company, the Adviser applies the same standards and procedures. The Adviser seeks to avoid material conflicts of interest between its own interests on the one hand, and the interests of the Funds on the other.

The Adviser generally has a representative on the board of directors of a portfolio company, and proxies are typically (but not always) cast in accordance with board recommendations. In situations where the Adviser is required to vote the proxy for a company in which related persons of the Adviser serve on the board of directors, the Adviser has determined that this does not inherently present a conflict of interest, as the sole purpose of this representation is to maximize the return on a Fund's investment in such company.

All conflicts of interest related to proxy voting will be resolved in a manner consistent with the best interests of the relevant Fund. In situations where the Adviser's compliance committee perceives a material conflict of interest, the Adviser may: (i) disclose the conflict to the relevant Fund and obtain such Fund's informed consent (including, where applicable, via the Limited Partner advisory committee of the Fund) as to the fact that a material conflict exists in voting the Fund's proxy in the manner favored

by the Adviser; (ii) defer to the voting recommendation of another independent third party provider of proxy services; (iii) require a Limited Partner vote for the relevant Fund; or (iv) take such other action in good faith that would protect the interests of the relevant Fund.

Any Limited Partner may obtain a copy of the Adviser's complete Proxy Voting Policy, information with respect to a specific proxy vote, or the Adviser's full voting record upon request.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitments that impair its ability to meet its contractual or fiduciary commitments to the Funds. The Adviser has not been the subject of a bankruptcy proceeding.