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Form ADV Part 2A

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Applegate & Collatos, Inc. (referred to herein as “A&C”). If you have any questions about the contents of this Brochure, please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Spectrum is also available on the SEC’s website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT SPECTRUM OR ANY OF THE PRINCIPALS OR EMPLOYEES OF SPECTRUM POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2 - Material Changes

This Brochure, dated as of March 26, 2013, has been prepared in connection with A&C's annual update with the SEC as an investment adviser. This Item 2 sets forth a brief summary of any material changes to our disclosure since our last annual communication in 2012.

There have been no material changes to this Brochure since its initial preparation on February 13, 2012.

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Item 4 - Advisory Business

Applegate & Collatos, Inc. (“A&C”) is a management company for a series of private equity funds (the “Spectrum Funds”) that specializes in growth stage investments in private companies. A&C was founded in 1993 and the first Spectrum Fund was established approximately one year later in 1994. To date, A&C has provided management services to all Spectrum Funds. The principal owners of A&C are Brion B. Applegate and William P. Collatos.

The Spectrum Funds’ investment activity, and consequently A&C’s advisory business, is principally focused on growth stage investments in service businesses. The Spectrum Funds’ primarily seeks investment opportunities in private companies with established business models that are run by experienced management teams and that present opportunities for future growth, either organically, through acquisition, or both.

The Spectrum Funds’ investment activity is focused on business services, entertainment, communications, information services, media, and related growth sectors. The Spectrum Funds’ investment portfolios include private companies, and public companies. As either a minority or majority investor, the Spectrum Funds provide equity capital in a wide variety of transactions including:

- Primary capital for growth;
- Recapitalizations and dividends;
- Acquisition financings; and
- Secondary share purchases.

A&C provides the services described above pursuant to a series of contracts with the Spectrum Funds. Generally, a related person of A&C acts as the general partner of each Spectrum Fund, and A&C serves as investment adviser to each Spectrum Fund. References to A&C in this Brochure include, as the context requires, affiliates through which A&C provides investment advisory services or that act in any capacity referenced in the previous sentence.

A&C tailors its advisory services to the specific investment objectives and restrictions of each Spectrum Fund set forth in such Spectrum Fund’s limited partnership agreement and investment management agreement. Investors and prospective investors of each Spectrum Fund should refer to the confidential private placement memorandum, limited partnership agreement, investment management agreement and/or other governing documents (collectively, the “Governing Documents”) of the applicable Spectrum Fund for complete information on the investment objectives and investment restrictions with respect to such Spectrum Fund. There is no assurance that any of the Spectrum Funds’ investment objectives will be achieved.

In accordance with common industry practice, one or more of the Spectrum Funds and/or their general partners may enter into “side letters” or similar agreements with certain

investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

A&C does not participate in any wrap fee programs.

A&C manages all assets on a discretionary basis in accordance with the terms and conditions of each Spectrum Fund's Governing Documents. As of December 31, 2012, the amount of assets A&C manages on a discretionary basis is \$2,236,694,692.

Item 5 - Fees and Compensation

Compensation and Fee Schedules

All investors and prospective investors should review the Governing Documents of each Spectrum Fund in conjunction with this Brochure for complete information on the fees and compensation payable in connection with a particular Spectrum Fund. Different Spectrum Funds may be subject to different management fees and performance-based compensation arrangements. In limited circumstances, the advisory fees payable to A&C by individual investors in the Spectrum Funds may be negotiable and/or waived. Investors and prospective investors in each Spectrum Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. Except for Spectrum Equity Investors Parallel IV, L.P. ("SEI IV Parallel"), all A&C clients are "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Company Act"), and therefore A&C has not included specific fee information in this Brochure.

With respect to SEI IV Parallel, an affiliate of A&C receives an annual management fee generally equal to 1% per annum of the lesser of (i) the net asset value of SEI IV Parallel and (ii) the cost of SEI IV Parallel's remaining assets ("Cost"). In addition, an affiliate of A&C receives a carried interest allocation from SEI IV Parallel generally equal to 25% of the cumulative gross realized profits attributable to SEI IV Parallel after the partners of SEI IV Parallel have received an amount equal to 125% of Cost.

Deduction of Fees; Timing of Payments; Termination

As a general matter, A&C will charge and deduct advisory fees directly from the Spectrum Funds pursuant to the terms of the Governing Documents.

The payments of advisory fees are generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of each of the Spectrum Funds for complete information on the timing of advisory fee payments.

Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable.

Other Fees and Expenses

In addition to the fees payable to A&C and its affiliated entities, the Spectrum Funds (and therefore, indirectly, the limited partners of such Spectrum Funds) may incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to each Spectrum Fund. Such expenses may include (but are not limited to) any sales or other taxes that may be assessed against the Spectrum Funds; commissions, brokerage fees, placement fees, consulting and underwriting fees, registration expenses and similar charges incurred in connection with the purchase or sale of securities (including any merger fees payable to third parties and whether or not any such purchase or sale is consummated); “broken-deal” fees and expenses; the costs and expenses (including travel-related expenses) of holding meetings or conferences with the Spectrum Funds’ investors (including set-up, travel, honorarium, dining, entertainment and related expenses) or any meetings of the Spectrum Funds’ advisory committees; fees and expenses of members of the Spectrum Funds’ advisory committees; all expenses relating to litigation and threatened litigation involving the Spectrum Funds; indemnification obligations and expenses; costs and expenses attributable to normal and extraordinary investment banking, accounting, auditing, appraisal, tax advisory, tax preparation, legal, external consulting, custodial and registration services provided to the Spectrum Funds; premiums for liability insurance; the costs of dissolving the Spectrum Funds and liquidating the Spectrum Funds’ assets; and other non-recurring or extraordinary expenses properly chargeable to the affairs of the Spectrum Funds. The types of other fees and expenses incurred may vary among Spectrum Funds. All investors and prospective investors should review the Governing Documents of the applicable Spectrum Fund in conjunction with this Brochure for complete information on the charges and expenses payable with respect to a particular Spectrum Fund.

The section titled “*Brokerage Practices*” describes the factors A&C considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Timing of Payments

Please refer to the subsection entitled “*Deduction of Fees; Timing of Payments; Termination*” described above.

Transaction-Based Compensation

A&C does not receive any compensation as broker or agent for the sale of securities or other investment products to any Spectrum Fund. Please refer to the subsection titled “*Economic Benefits Received from Third Parties*” below for information on other types of compensation that A&C may receive with respect to investments by the Spectrum Funds.

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

Performance-Based Fees

A related entity of A&C, as general partner of a Spectrum Fund, will typically receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of such Spectrum Fund. Such “carried interest” allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”) to the extent required thereunder. Any share of profits allocated or distributed to a general partner or affiliate of a Spectrum Fund is separate and distinct from the advisory fees charged by A&C to such Spectrum Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of A&C may create an incentive for A&C to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

Side-by-Side Management

Different Spectrum Funds may be subject to different performance-based compensation arrangements. If A&C or an affiliate is entitled to receive a higher percentage of the net profits of the account of one Spectrum Fund than the percentage that A&C or an affiliate receives from another Spectrum Fund, then A&C may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Spectrum Fund that is subject to the higher percentage.

To mitigate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each Spectrum Fund are made by A&C with respect to all Spectrum Funds in accordance with A&C’s investment allocation policy, which takes into account multiple criteria, including: (i) the investment objectives, strategies, guidelines and restrictions of each Spectrum Fund, (ii) the relevant allocation of investment opportunity provisions in a Spectrum Fund’s Governing Documents, (iii) the liquidity needs of each Spectrum Fund and the investment cycle of each Spectrum Fund; (iv) the respective holding periods for the prospective investments; (v) the nature of the disposition opportunity, including the size and source of the opportunity; (vi) current and anticipated market conditions; and (vii) tax, legal and/or regulatory considerations.

Please refer to the Governing Documents of each Spectrum Fund for complete information on the specific “performance-based fee” arrangements of each Spectrum Fund.

Item 7 - Types of Clients

Types of Clients and Investment Vehicles

A&C provides advice to the Spectrum Funds, which are pooled investment vehicles. The limited partners of the Spectrum Funds may include high net worth individuals, corporations, funds of funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, and public and private pension and profit sharing plans.

A&C and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, “AIVs”) for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by one or more Spectrum Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable Spectrum Fund for complete details on any Feeder Fund that may be established by such Spectrum Fund and such Spectrum Fund’s ability to make investments through AIVs.

Minimum Investment Requirements

The Spectrum Funds are generally offered to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to the Spectrum Funds whose securities are not publicly offered.

In general, the minimum investment commitment required of a limited partner to participate in a Spectrum Fund is \$5,000,000; however, the general partner of each Spectrum Fund has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of each Spectrum Fund for complete information on minimum investment requirements for participation in a particular Spectrum Fund.

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

Investment Strategies

As discussed in Item 4 above, A&C’s primary investment strategy is to make growth equity investments in private companies. A&C primarily seeks investment opportunities in companies with well-established business models that are run by experienced management teams and that present opportunities for future growth, either organically, through acquisition, or both.

Methods of Analysis

Investments, and potential investments, are analyzed by A&C based upon the business strategy and focus of the target portfolio company and the relevant experience of the target portfolio company’s officers and directors. A&C also considers general economic

characteristics of potential investments, including the potential for recurring revenue, strong cash flow margins, barriers to entry, high margins, significant operating leverage, long-term customer relationships, and opportunities for add-on acquisitions.

A&C's principal sources of information in identifying investments include internal cold calling efforts, its proprietary network of industry participants, bankers, consultants, executives and professional advisors (including attorneys, accountants and other industry advisors), private offering memoranda, quarterly and annual reports, personal interviews with directors and officers of such entities, visits to such entities, SEC filings (if available) and general industry knowledge.

Upon identifying a target portfolio company investment, A&C engages in a thorough due diligence process that includes a written presentation first within the industry group responsible for the segment in which the prospective portfolio company falls and then to A&C's Managing Directors and Principals as part of their weekly meeting. Further diligence, if warranted, will serve to establish the original thesis of the investment and address the issues identified by the initial weekly discussion. As diligence progresses, A&C may seek to leverage the expertise of the firm's extensive network of relationships, often drawing on executives from existing or former portfolio companies. This second level of diligence and evaluation will lead to a refined financial model along with a more informed perspective as to valuation and opportunity for return. Customarily, a term sheet will result from this process, which will serve as the template for further negotiation and begin to define the parameters of a transaction. Once this second level of diligence has been completed and a deal structure and price outlined, a more comprehensive presentation will be made as part of the weekly meeting and will include all members of the deal team. This constitutes the "Investment Committee" meeting, which will be the formal approval forum for the transaction and will include refinements to the proposed structure and pricing. If approved, the transaction will move to the final step of the process, including any third party diligence work and legal documentation including a "bring down" diligence review.

Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that A&C will be able to choose, and the Spectrum Funds will be able to make and/or realize, any particular investment or that the Spectrum Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Spectrum Fund. Investing in the Spectrum Funds involves a risk of loss that investors should be prepared to bear. Investors in the Spectrum Funds are requested to refer to the Governing Documents of the applicable Spectrum Fund for complete information on investment strategies employed by such Spectrum Fund and the corresponding risks associated with such investment strategies. Investors in the Spectrum Funds should carefully consider, among other factors, the following material risks involved with A&C investment strategies.

Nature of Investments. A substantial portion of a Spectrum Fund's investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. A Spectrum Fund's investments will be highly illiquid, and there can be no assurance that a Spectrum Fund will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to investors.

While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the general partner of a Spectrum Fund or A&C will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Spectrum Fund's activities.

Control Liability. A Spectrum Fund may own a significant or controlling percentage of the common equity of its portfolio companies. A Spectrum Fund will generally appoint one or more representatives to the board of directors of the companies in which it invests. Significant or controlling ownership and serving on the board of directors of a portfolio company exposes a Spectrum Fund's representatives, and ultimately a Spectrum Fund, to potential liability because a Spectrum Fund or its representatives may in certain cases be thought to control, participate in the management of or influence the conduct of such portfolio company.

Non-Controlling Investments. A Spectrum Fund may invest in minority positions in portfolio companies and may have a limited ability to exert significant influence or protect its position. Accordingly, a Spectrum Fund may have a limited ability to protect its interests in such portfolio companies and to influence such portfolio companies' management. In such cases, a Spectrum Fund will be significantly reliant on the other equity participants in the portfolio companies and on the existing management and board of directors of such portfolio companies, which may include representation of other financial investors with whom a Spectrum Fund is not affiliated and whose interests may conflict with the interests of such Spectrum Fund.

Limited Number of Investments. A&C may intend for a Spectrum Fund to participate in a limited number of investments and, as a consequence, the aggregate return of such Spectrum Fund may be adversely affected by the unfavorable performance of even a single investment. Although A&C intends to diversify each Spectrum Fund's portfolio to the extent reasonably possible within the confines of such Spectrum Fund's investment strategy, the inability of A&C to achieve this objective could adversely affect the performance of a Spectrum Fund.

Leverage. Although the Spectrum Funds generally only borrow on a short-term basis, portfolio companies in which a Spectrum Fund invests may utilize leverage. Use of leverage may increase the exposure to adverse economic factors such as significantly

rising interest rates, downturns in the economy or deterioration in the condition of any given portfolio company or its industry. Any event that adversely affects the value of a portfolio company held by a Spectrum Fund may be magnified to the extent that such portfolio company is leveraged. In the event a portfolio company is unable to meet principal and interest payments on its third-party indebtedness, the value of a Spectrum Fund's investment in such entity could be significantly reduced or even eliminated.

Reliance on Other Management. The day-to-day operations of each portfolio company in which a Spectrum Fund invests will be the responsibility of such portfolio company's management team. Although A&C and each Spectrum Fund's general partner will monitor the performance of a Spectrum Fund's portfolio companies and will screen for and, if necessary, recruit capable management, there can be no assurance that such management will be able to operate any such portfolio company in accordance with such Spectrum Fund's expectations.

Bridge Loans. From time to time, a Spectrum Fund may lend money to a portfolio company or otherwise invest on an interim basis in portfolio companies. Such short term financings may be convertible into a more permanent, long-term security; however, for reasons not always in a Spectrum Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such loans and interim investment may remain outstanding. In such event, the compensation to the Spectrum Fund may not adequately reflect the risk associated with the position taken by such Spectrum Fund.

Follow-On Investments. A Spectrum Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that a Spectrum Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a Spectrum Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

Non-U.S. Investments. A Spectrum Fund may from time to time invest in portfolio companies operating and/or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. Such investments may be subject to certain additional risks not presented by investments in U.S. portfolio companies due to, among other things, potentially unsettled points of applicable governing law, the risks associated with different accounting standards, different legal protections for investors, unusual regulatory burdens, political instability, fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of such Spectrum Fund) and the application of complex tax rules to cross-border investments. Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant foreign risks due to the increasingly international nature of many growth stage companies. Any adverse change to the political, economic, military or social environments in the host countries of a Spectrum Fund's portfolio companies could have a significant adverse effect upon the

operations or financial performance of a Spectrum Fund. The foregoing factors may increase transaction costs, adversely impact the value of a Spectrum Fund's investments in non-U.S. portfolio companies and otherwise reduce returns to a Spectrum Fund's investors.

Litigation Risks. A Spectrum Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of such Spectrum Fund. Legal disputes, involving any or all of the Spectrum Funds, their affiliates, or their portfolio companies, may arise from a Spectrum Fund's activities and investments and could have a significant adverse effect on such Spectrum Fund.

Changes in Environment. A Spectrum Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Spectrum Fund operates may undergo substantial changes, some of which may be adverse to such Spectrum Fund. A drawn-out recession, downturns in the economy, deteriorations in the condition of an industry sector in which a Spectrum Fund has invested or adverse developments in the securities or credit markets may have an adverse impact on some or all of a Spectrum Fund's investments. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by a Spectrum Fund. In addition, factors specific to a portfolio company may have an adverse effect on a Spectrum Fund's investment in such company. The economic environment for all companies may remain challenging. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance. The investment sourcing, selection, management and liquidation strategies and procedures exercised by A&C in the past may not be successful, or even practicable, during a Spectrum Fund's term.

Item 9 - Disciplinary Information

Neither A&C nor any of its principals have been the subject of any material legal proceeding required to be disclosed in response to this item.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither A&C nor any of its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, A&C and its management persons are not affiliated with any broker-dealer.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

Neither A&C nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

As discussed in the subsection titled “*Participation or Interest in Client Transactions and Personal Trading*,” A&C and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Spectrum Funds. A&C and its related persons manage multiple Spectrum Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the Spectrum Funds. Please refer to the Governing Documents of the relevant Spectrum Fund for complete information on the requisite time commitments (if any) of A&C and its related persons to the Spectrum Funds and the allocation of investment opportunities among the Spectrum Funds. Please also refer to the description of A&C’s investment allocation policy described in the subsection “*Side-by-Side Management*” above.

Employees of A&C and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Spectrum Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. In connection with such activities, employees of A&C may be given access to confidential information relating to companies in which the Spectrum Funds invest or may otherwise become subject to legal or contractual restrictions on their ability to effect transactions for the Spectrum Funds. As a result, the Spectrum Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the Spectrum Funds. The above individuals may spend a substantial portion of their time with these related management activities.

From time to time, certain Spectrum Funds may hold or may acquire positions in portfolio companies in which other Spectrum Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which a Spectrum Fund and one or more other Spectrum Funds have invested may not necessarily be pro rata based on existing ownership in such companies. The Spectrum Funds may have divergent interests with respect to exit strategies from such investments, restructuring the capital structure or business of such companies or other matters affecting the investment in such companies. To the extent that multiple Spectrum Funds hold an interest in the same company, disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such Spectrum Funds on a basis that is fair and equitable to each Spectrum Fund as determined by A&C taking into account all relevant facts and circumstances.

Selection or Recommendation of Other Advisers

A&C does not recommend or select other investment advisers for its clients and does not receive compensation from such advisers in a manner that would create a material conflict of interest. A&C does not have other business relationships with other advisers that create a material conflict of interest.

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

Code of Ethics

A&C has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing A&C's commitment to ethical conduct. A&C's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, A&C's (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under A&C's Code of Ethics, all supervised persons have a duty to act only in the best interests of the Spectrum Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to A&C's Chief Compliance Officer ("CCO"). All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of A&C that no person employed by A&C shall prefer his or her own interest to that of a Spectrum Fund or make personal investment decisions based on the investment decisions of the Spectrum Funds.

To supervise compliance with its Code of Ethics, A&C requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the firm's CCO. A&C requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by A&C's personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

A&C requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. A&C also has a policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

A&C will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners and/or managing members of the general partners of each of the Spectrum Funds, related persons of A&C (including certain employees) have indirect beneficial interests in the securities owned by the Spectrum Funds and will share in any profits and losses generated by the Spectrum Funds' investments. Moreover, in certain situations, related persons of A&C may purchase interests in the same portfolio investments held by one or more Spectrum Funds. All such transactions are subject to compliance with A&C's Code of Ethics as described above. Any access person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or indirect interest in a Spectrum Fund) must affirmatively disclose that interest to the CCO if such access person is involved in considering or determining any subsequent investment decision regarding an investment by a Spectrum Fund in any security of that issuer or an affiliate.

A&C and/or certain related persons of A&C may, on rare occasions, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Spectrum Funds in connection with certain "warehousing" transactions, provided that the sale is consistent with A&C's fiduciary obligations to the Spectrum Funds. Such transactions will be fully disclosed and the written consent of the appropriate Spectrum Fund (which, in certain circumstances, may be provided by the Spectrum Fund's advisory committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute "principal transactions" under Section 206(3).

Moreover, A&C may cause a Spectrum Fund to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another Spectrum Fund, provided that the transfer is consistent with A&C's fiduciary obligations to each Spectrum Fund participating in the cross transaction.

While A&C endeavors at all times to act in the best interests of the Spectrum Funds, investors should be aware that such transactions create a potential conflict of interest.

Item 12 - Brokerage Practices

Discretionary Brokerage

The Spectrum Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities on occasion (for example, where a Spectrum Fund receives shares of a company as part of a general distribution or initial public offering). Subject to the investment objectives, policies and restrictions of each Spectrum Fund, as set forth in such Spectrum Fund's Governing Documents, A&C will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Spectrum Funds and negotiate the commission cost to be paid.

In selecting brokers, A&C's primary consideration will be to obtain the most favorable net result for the Spectrum Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, A&C seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research and Soft Dollar Benefits

A&C does not engage in soft dollar arrangements with respect to securities transactions for the Spectrum Funds.

Any research services and/or other products or services that are provided to A&C by brokers and dealers may be used for the benefit of all clients of A&C and do not necessarily benefit solely the Spectrum Fund from which the commissions were generated. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to the Spectrum Funds, but does create a potential conflict of interest of which investors should be aware in assessing A&C's choice of broker-dealers.

Service A&C Providers and Client Referrals

Subject to A&C's obligation to seek best execution of all transactions for its clients, may consider referrals of investors in determining its selection of third party service providers. Accordingly, A&C may have an incentive to select or recommend a broker-dealer or other service provider based on its interest in receiving investor referrals. Any such determinations will be made in accordance with A&C's fiduciary obligations to the Spectrum Funds and A&C's compliance policies and procedures.

Trade Aggregation

Although A&C does not often trade in public securities, in such circumstances where more than one Spectrum Fund is either selling or buying the same type of security, A&C will, to the extent possible, generally place a combined order for the Spectrum Funds engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Spectrum Funds' Governing Documents, and otherwise in the best interest of the Spectrum Funds.

Item 13 - Review of Accounts

Review of Client Accounts

A&C will continuously monitor portfolio investments on behalf of the Spectrum Funds. Investments are reviewed in the context of each Spectrum Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Spectrum Fund. Members of the Investment Committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Spectrum Funds.

Reports to Clients

The general partners of each Spectrum Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the Spectrum Fund and the audited financial statements of the Spectrum Fund. The quarterly reports generally contain unaudited financial statements of the Spectrum Fund for the fiscal quarter.

Investors are requested to refer to the Governing Documents of each Spectrum Fund for further information on the reports provided by a particular Spectrum Fund to its investors.

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

From time to time, in connection with investments made by certain Spectrum Funds, A&C or its affiliates or supervised persons may receive directors, consulting, monitoring, investment banking, transaction, break-up and/or similar fees or other remuneration paid in cash or in kind from portfolio companies in which one or more of the Spectrum Funds may invest or propose to invest. To mitigate potential conflicts of interest, A&C will generally offset such benefits against advisory fees payable by the applicable Spectrum Fund or otherwise remit such benefits to the limited partners of such Spectrum Fund in accordance with such Spectrum Fund's Governing Documents. Investors are requested to refer to the Governing Documents of each of the Spectrum Funds for complete information on the additional compensation received by A&C or its affiliates or supervised persons in connection with a particular Spectrum Fund's investments and the amount of the applicable advisory fee offset.

Third Party Compensation for Client Referrals

A&C and related entities of A&C may enter into cash compensation arrangements with unaffiliated placemen agents or other third parties for introducing investors to a Spectrum Fund. Any sales charge associated therewith will ultimately be payable by A&C and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Spectrum Fund to A&C. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

Moreover, as described above, A&C may consider referrals of investors to the Spectrum Funds in determining its selection of third party service providers.

A&C endeavors at all times to put the interests of the Spectrum Funds first as part of A&C's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to A&C and the Spectrum Funds.

Item 15 - Custody

A&C will not have physical possession of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, A&C will generally be deemed to have custody of the assets of the Spectrum Funds as a result of its position as an affiliate of the general partner of each Spectrum Fund.

It is A&C's policy to cause each Spectrum Fund with assets over which A&C is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Spectrum Fund, A&C will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Spectrum Fund to all investors promptly after completion of the audit.

Item 16 - Investment Discretion

Subject to the investment objectives, policies and restrictions of each Spectrum Fund as set forth in the Governing Documents of such Spectrum Fund, A&C has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Spectrum Fund. A&C is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

Item 17 - Voting Client Securities

Because A&C has, or will accept, authority to vote securities held by a Spectrum Fund, it has adopted policies and procedures (the "Proxy Voting Policies and Procedures") that have been designed to ensure that A&C complies with the requirements of the Advisers Act and reflect A&C's commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the Spectrum Funds.

When exercising its voting authority over client securities, A&C considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. A&C votes all proxies in a prudent manner, considering the prevailing circumstances at such time and in a manner consistent with the Proxy Voting Policies and Procedures and A&C's fiduciary duties to the Spectrum Funds.

A&C reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Spectrum Fund. As a result, depending on the Spectrum Fund's particular circumstances, A&C may vote one Spectrum Fund's securities differently than it votes those of another Spectrum Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, A&C may determine that it is in a Spectrum Fund's best interest for A&C to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, A&C, in consultation with the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of A&C, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, A&C takes steps to ensure that its voting decision is based on the best interests of the applicable Spectrum Funds and is not a product of the conflict. A&C may, at its discretion, (A) seek the advice of the applicable advisory committee in voting such security (if any); (B) disclose the conflict of interest to the limited partners of the Spectrum Fund and defer to the Spectrum Fund's voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with A&C's outside counsel) which would serve the best interest of the Spectrum Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

A&C will deliver to each limited partner of a Spectrum Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Spectrum Fund.

Item 18 - Financial Information

A&C has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.