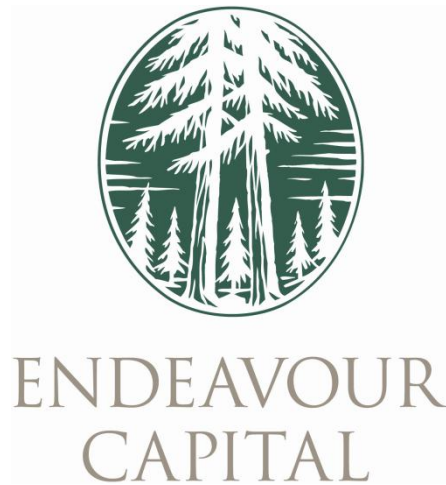


**Item 1. Cover Page**



**DVSM, LLC  
(d/b/a Endeavour Capital)**

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**Part 2A of Form ADV: Firm Brochure  
March 28, 2013**

**This brochure provides information about the qualifications and business practices of DVSM, LLC (d/b/a Endeavour Capital, hereinafter “Endeavour” or the “Firm”). Please contact Endeavour if you have any questions about the contents of this brochure. 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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.**

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

**Item 2. Material Changes**

There have been no material changes made to the Brochure since the date of the last annual update of the Brochure filed on February 10, 2012.

A copy of this Brochure may be obtained, without charge, by contacting Mr. Randy Miller, Chief Compliance Officer (“CCO”), at 503-223-2721 or [rm@endeavourcapital.com](mailto:rm@endeavourcapital.com).

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## **Item 4. Advisory Business**

### **Company Overview & Principal Owners**

Endeavour was founded in 1991 and is directly owned by John E. von Schlegell, John W. Dixon, D. Mark Dorman, Stephen E. Babson, Aaron S. Richmond, Leland M. Jones and Chad N. Heath. Endeavour and its affiliates provide investment management and administrative services to private investment funds (referred to in this brochure as the “Endeavour Funds”), that invest primarily in middle market non-public companies based in the western United States and western Canada.

### **Fund Structures**

Endeavour’s only clients are the Endeavour Funds, each of which is a pooled investment vehicle, typically organized as a limited partnership, that is not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Each Endeavour Fund is managed by an entity that is a related person of Endeavour (each, a “Fund Manager”). Each Fund Manager typically serves as the general partner of one or more Endeavour Funds. Each Endeavour Fund is governed by a limited partnership agreement or similar governing agreement (each, a “Fund Agreement”) that specifies the specific investment guidelines and investment restrictions applicable to the Endeavour Fund. In addition, the private placement memoranda or other offering materials prepared for the investors of each Endeavour Fund also contain information regarding the intended investment program for such Endeavour Fund. Endeavour together with the Fund Managers provide investment management and administrative services to the Endeavour Funds in accordance with their respective investment mandates as described in the applicable Fund Agreements and, generally, the Endeavour Funds’ private placement memoranda or other offering materials. Each Fund Manager retains management authority over the business and affairs, including investment decisions, of the Endeavour Funds for which it serves as general partner.

The investors in the Endeavour Funds (“Investors”) are primarily “qualified purchasers” (as defined in the Investment Company Act). Prior to investing the Investors are able to negotiate the terms of the applicable Fund Agreement in connection with their investments in such fund. In certain cases, the Fund Manager has entered, and may in the future enter, into side letter agreements with certain Investors establishing rights under, or supplementing or altering the terms of, the applicable Fund Agreement. Once invested in an Endeavour Fund, Investors generally cannot impose additional investment guidelines or restrictions on such Endeavour Fund.

### **Endeavour’s Advisory Services**

Endeavour and/or the Fund Managers offers advice solely with respect to the investments made by the Endeavour Funds, which generally consist of private company securities, by identifying investment opportunities and participating in the acquisition, management, monitoring and disposition of investments for each Endeavour Fund.

The Endeavour Funds invest primarily in private equity and debt investments in middle market companies in various industries, generally with principal places of business in the western United States and western Canada. These investments employ a variety of investment structures, including traditional acquisitions, management buyouts, spinouts, recapitalizations, minority equity investments and growth capital investments. These investments generally take the form of privately-negotiated investment instruments, including unregistered equity and debt securities of both U.S. and non-U.S. issuers.

Endeavour generally provides services to each Endeavour Fund and/or its Fund Manager pursuant to a separate investment management agreement (each, an “Investment Management Agreement”), which sets forth the terms of the services to be provided by Endeavour.

Endeavour and the Fund Managers tailor their advisory services to each Endeavour Fund as described in the investment mandate of the relevant Fund Agreement and, generally, such Endeavour Fund’s private placement memorandum or other offering materials.

### **Assets Under Management**

As of December 31, 2012, Endeavour managed a total of \$1,435,258,140 of Endeavour Fund client assets, all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

### **Compensation**

Endeavour is compensated through the payment of management fees by the Endeavour Funds (“Management Fees”). The specific terms relating to the Management Fees paid by each Endeavour Fund are negotiated by the investors in such fund at the time of its formation and, as such, vary from fund to fund. Generally speaking:

- The Endeavour Funds pay the Management Fees in cash quarterly in advance, with fees for any period shorter than a full quarter being prorated for such quarter.
- The annual amount payable by an Endeavour Fund during its investment period is a percentage (generally 2.0%) of total Investor capital commitments to such Endeavour Fund. Following the end of an Endeavour Fund’s investment period, the fee transitions to a declining percentage (generally decreasing at a rate of 0.2% - 0.25% per year) of either capital commitments or the Endeavour Fund’s invested capital.
- The Management Fee obligation of an Endeavour Fund may be terminated only in connection with the dissolution of that fund. If the obligation were terminated mid-quarter, Endeavour would be obligated to return a pro-rated portion of the Management Fee to the applicable Endeavour Fund in connection with its dissolution.

Endeavour deducts Management Fees directly from each Endeavour Fund’s account with its qualified custodian.

In addition, Endeavour or the Fund Managers may receive certain break-up, topping, investment banking, transaction, monitoring, directors’, advisory, consulting or other similar fees in connection with portfolio investments of the Endeavour Funds as compensation for financial advisory and similar services provided to the Endeavour Funds’ portfolio companies. The Management Fees payable by the Endeavour Funds may be offset by a portion of such fees pursuant to the terms of the applicable Fund Agreement.

The Endeavour Funds also generally pay a performance-based fee to their Fund Managers, which is described in further detail in Item 6 below.

Neither Endeavour nor its affiliates accept compensation for the sale of securities or other investment products.

### **Other Expenses Paid by Endeavour Funds**

Each Endeavour Fund also generally bears all expenses relating to its activities, operations and meetings, including without limitation:

- costs and expenses incurred in the purchase, holding or sale or exchange of securities, including without limitation: expenses for investment transactions which are formally commenced, but are not consummated, private placement fees and finder's fees; interest on borrowed money; brokerage fees; fees incurred in connection with the maintenance of bank or custodian accounts; and expenses incurred in connection with the registration of the fund's securities under applicable securities laws or regulations;
- taxes applicable to the fund on account of its operations;
- expenses associated with the fund's financial statements and tax returns;
- the fees of an independent certified public accountant incurred in connection with the annual audit of the fund's books and the preparation of the fund's annual tax return;
- legal and audit expenses of the fund;
- the cost of directors' and officers', professional and other similar insurance premiums;
- costs associated with investor and advisory committee meetings and mailings;
- out-of-pocket costs, fees and expenses incurred in connection with the organization and liquidation of the fund; and
- costs and expenses arising out of the fund's indemnification obligation pursuant to the fund's Fund Agreement.

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

As described in Item 5 above, the Endeavour Funds generally are required to pay both a management fee and a performance-based fee. Endeavour Funds allocate a portion of their investment profits (generally 20%) to their Fund Managers, which are related persons with respect to Endeavour, as set forth in each Endeavour Fund's Fund Agreement (such profit allocation is commonly referred to as a "carried interest"). The foregoing performance-based carried interests are generally subject to the achievement of an 8% annual rate of return on the amount of the unreturned capital contributions of investors as of the date of determination.

The Fund Managers' entitlement to performance-based compensation may create an incentive for both the Fund Managers and, due to the common ownership of Endeavour and the Fund Managers, Endeavour to take greater risks in managing the Endeavour Funds than they would otherwise take in the absence of such arrangements.

In addition, from time to time, more than one Endeavour Fund may participate in a given portfolio investment. Where the performance of one Endeavour Fund has met the required performance threshold for its Fund Manager to receive amounts in respect of its carried interest while another Endeavour Fund has not, Endeavour may have an incentive to allocate particularly attractive investment opportunities to the Endeavour Fund that is expected to generate carried interest or to permit that Endeavour Fund to exit investments at a time that would maximize its returns, potentially to the detriment of the other Endeavour Fund.

This potential conflict of interest is mitigated by the fact that the Fund Agreements generally restrict Endeavour and its affiliates from launching new Endeavour Funds until the pre-existing Endeavour Funds have substantially invested or reserved available capital or until the expiration of the pre-existing Endeavour Funds' investment periods. As a result, the circumstances in which an investment opportunity might be allocated to more than one Endeavour Fund are limited and such allocation may be governed by the Fund Agreements. In addition, the Fund Agreements contain limitations on the timing and terms of the co-investment and the disposition of securities associated with those investments intended to protect the interests of investors in the Endeavour Funds. Further, Endeavour and the Fund Managers seek to ensure that all investments made by Endeavour Funds are fairly and equitably allocated.

Certain Endeavour Funds may participate with a SEAM Fund (as defined in Item 10) in a given portfolio investment. As noted in Item 10, certain principals of Endeavour Capital have an ownership interest in the SEAM Fund Manager (as defined in Item 10) and as such may receive performance-based compensation from a SEAM Fund. In the case of a co-investment this could create an incentive to allocate investment opportunities to a SEAM Fund over an Endeavour Fund (or vice versa) if the performance of a fund has met the required performance threshold for the respective fund manager to receive amounts in respect of its carried interest while the other fund has not. The respective fund manager may have an incentive to allocate such investment opportunity to the fund that is expected to generate carried interest or to permit such fund to exit such investment at a time that would maximize its returns, potentially to the detriment of the Endeavour Fund. Any potential conflict of interest is mitigated by a detailed joint investment allocation and governance policy that establishes the manner by which investment opportunities will be allocated among the SEAM Fund and Endeavour Funds described in item 10.

## **Item 7. Types of Clients**

As described in Item 4, Endeavour and the Fund Managers provides advice solely to the Endeavour Funds, which are generally formed as limited partnerships. The Endeavour Funds invest capital contributed to them by one or more high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, pooled investment vehicles, and other entity investors that are "accredited investors" (as defined in Regulation D under the Securities Act of 1933, as amended) and qualified clients to the extent required under Rule 205-3 of the Investment Advisers Act.

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

Endeavour and its affiliates provide investment advice to each Endeavour Fund consistent with the terms and description of the investment program of such Endeavour Fund set forth in the applicable Fund Agreement and, generally, such Endeavour Fund's private placement memorandum or other offering materials. Moreover, it is the policy of Endeavour to treat each Endeavour Fund fairly and equitably in the allocation of investment opportunities in portfolio companies. Subject to the terms of the applicable Fund Agreements, two or more Endeavour Funds may co-invest in the same portfolio company.

### **Methods of Analysis**

Endeavour employs a rigorous, multiple-step due diligence process focused on quantitative and qualitative analysis of potential portfolio companies. In evaluating potential investments, Endeavour conducts extensive due diligence to analyze company and industry fundamentals including, among other things, the company's market and competitive position within that market, the company's growth potential, the company's cost and revenue structures, the company's assets (including brand strength, manufacturing capabilities and intellectual property), the company's management team and compensation structure, the company's contingent liabilities (regulatory, accounting or otherwise) and potential exit strategies. In connection with this diligence process, Endeavour generally gathers data from (a) interviews with the management team of the potential portfolio company; (b) company financial statements; (c) reference checks on the company and its management team; (d) press releases and SEC filings made by the potential portfolio company; (e) trade shows and relevant trade publications; and (f) white papers on the products of potential portfolio companies and industry trends.

### **Investment Strategy**

Endeavour primarily focuses on management buyout, recapitalization and growth equity investments in growth companies in the western United States and western Canada. Endeavour primarily focuses on prospective portfolio companies that:

- are headquartered in the western United States or western Canada;
- fit within what Endeavour views as the lower middle market growth segment (i.e., enterprise values of less than \$500 million (generally in the \$25 million - \$250 million range) and EBITDA in the \$5 million - \$25 million range);
- participate in a non-technology-driven industry with favorable dynamics for investment (i.e., growing or fragmented industry with barriers to competition); and
- are seeking growth capital of \$15 million - \$75 million.

Following investment, Endeavour seeks to sponsor value-added initiatives at its portfolio companies, including "rounding out" and upgrading management teams, recruiting knowledgeable independent board members, assisting with strategic planning and evaluation of acquisition opportunities, enhancing corporate governance initiatives and developing banking relationships.

## Material Risks of Investment Strategies

*Risk Inherent in Private Equity Investments.* The types of investments that the Endeavour Funds make involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Endeavour Funds will be adequately compensated for risks taken. Losses are likely to occur early in the Endeavour Funds' terms, while successes often require a long maturation. The companies in which the Endeavour Funds invest may have complex and/or non-optimal capitalization structures and may be in need of assistance to expand or reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company, which if not properly implemented could give rise to potentially significant decreases in enterprise value.

*Financial Leverage.* The Endeavour Funds may make use of financial leverage in making their investments, utilizing debt from a number of sources including banks, investment banks, public debt markets, mezzanine funds and bridge loan funds. The use of debt will expose investments to financial risk, including the inability to meet debt obligations as they mature and possible bankruptcy. Such risks could be heightened in an environment of increasing interest rates or an overall decline in economic conditions within the United States and the global economy.

*Competitive Marketplace.* The marketplace for private equity investing and leveraged buyouts has become increasingly competitive. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. There can be no assurances that Endeavour or the Fund Managers will locate an adequate number of attractive investment opportunities to invest all capital committed by investors to the Endeavour Funds. To the extent that the Endeavour Funds encounter competition for investments, returns to investors may vary.

*Extensive Government Regulation.* The extensive government regulation of certain industries in which Endeavour Funds may invest creates additional uncertainty and risks for the funds. Obtaining regulatory approval may be a lengthy and expensive process with an uncertain outcome, and portfolio companies may be unable to obtain necessary regulatory approvals on a timely basis, if at all, which could materially and adversely affect portfolio company success.

*Changing Economic Conditions.* The success of the investment strategies employed by the Endeavour Funds could be significantly impacted by changing external economic conditions in the United States and global economies. The use of leverage in making investments will increase the exposure of the Endeavour Funds' portfolio holdings to changes in interest rates and inflation rates, in particular, and changing economic conditions could potentially adversely impact the valuation of portfolio holdings. The United States and global economies periodically experience volatile and unstable periods, which may include bank failures, credit crises, a loss of confidence among major financial institutions and instability in the public markets. Each of these ongoing conditions and the potential repercussions thereof may have lasting adverse effects on the returns of the Endeavour Funds and their portfolio companies. Moreover, the potential regulatory reactions to such economic turmoil may further adversely impact the Endeavour Funds in unanticipated ways.

*Possibility of Becoming a Minority Investor in Certain Cases.* The Fund Agreements of the Endeavour Funds includes the ability to take meaningful minority stakes in privately held companies. In addition,

during the process of exiting investments, Endeavour Funds may at times hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, the minority stakes that the Endeavour Funds may hold have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

*Availability of Financing.* In order to achieve the investment objectives, the Endeavour Funds will at times rely on the availability of financing, principally debt, from third party sources such as banks, investment banks and private mezzanine funds. Should such external financing not be available for any reason, an Endeavour Fund may not be able to achieve the investment objectives.

*Limitations on Ability to Exit Investments.* The Endeavour Funds generally exit from their investments in three principal ways: (i) private sale, (ii) recapitalizations and (iii) initial and secondary public offerings. At any particular time, not all of these avenues may be open to an Endeavour Fund or timing with respect to any one of these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

*Indemnification and Contingent Liabilities on Disposition of Investments.* In connection with the disposition of an investment in a portfolio company, the Endeavour Funds may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Endeavour Funds may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Fund Managers of the Endeavour Funds may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires. In addition, the Endeavour Funds may be obligated to fund such indemnity obligations to the extent escrow arrangements are insufficient to cover the indemnity obligations.

*Absence of Liquidity and Public Markets.* The Endeavour Funds' investments are generally private, illiquid holdings. As such, there will be no public markets for the securities held by the Endeavour Funds and no readily available liquidity mechanism at any particular time for any of the investments held by an Endeavour Fund. In addition, the realization of value from any investments will not be possible or known with any certainty until an Endeavour Fund sells its investments and subsequently distributes the proceeds to its investors or elects to distribute securities to investors in lieu of cash.

*No Market; Illiquidity of Fund Interests.* Investments in the Endeavour Funds are illiquid and involve a high degree of risk. There is no public market for interests in the Endeavour Funds, and it is not expected that a public market will develop. Consequently, investors in the Endeavour Funds will bear the economic risks of their investment for the term of such funds. Prospective investors will be required to represent and agree that they are purchasing the interests in an Endeavour Fund for their own account for investment only and not with a view to the resale or distribution thereof.

*Certain Limitations on Ability of Investors to Transfer Their Interests in the Endeavour Funds.* The transferability of interests in the Endeavour Funds will be restricted by the Endeavour Funds' Fund Agreements and by federal and state securities laws. In general, investors will not be able to sell or transfer their interests in an Endeavour Funds to third parties without the consent of the Fund Manager of the Endeavour Fund.

*Limited Portfolio Diversification.* As is typical of private equity firms, the portfolio holdings of the Endeavour Funds will not be broadly diversified. In addition, Endeavour's regional and industry investment focus may lead to less geographic or industry diversification than may be typical of such firms. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to investors by an Endeavour Fund.

*Legal, Tax and Regulatory Risks.* Legal, tax and regulatory changes could occur during the term of an Endeavour Fund that may adversely affect such Endeavour Fund.

*Failure To Make Capital Contributions.* If an investor fails to pay when due installments of its capital commitment to an Endeavour Fund, and the contributions made by non-defaulting investors and borrowings by the Endeavour Fund are inadequate to cover the defaulted capital contribution, the Endeavour Fund may be unable to pay its obligations when due. As a result, the Endeavour Fund may be subjected to significant penalties that could materially and adversely affect the returns to its investors (including non-defaulting investors). If an investor defaults, it may be subject to various remedies as provided in the Endeavour Fund's Fund Agreement.

*Lack of Investor Control.* Subject to the terms of the applicable Fund agreement and applicable law, the Fund Manager of an Endeavour Fund and Endeavour have complete discretion with respect to such Endeavour Fund's portfolio. The investors will not make decisions with respect to the management, disposition or other realization of any investment made by such Endeavour Fund, or other decisions regarding such Endeavour Fund's business and affairs.

## **Item 9. Disciplinary Information**

Endeavour is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of Endeavour or the integrity of Endeavour's management. Endeavour has no legal or disciplinary information to disclose at this time.

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

As described in Item 4 above, each of the Fund Managers is a related person or entity of Endeavour that serves as a general partner, or in a similar managerial capacity, on behalf of one or more of the Endeavour Funds, and, together with Endeavour, provides investment management and administrative services to the Endeavour Funds.

Certain Endeavour personnel own Endeavour Capital SEAM I, LLC which in turn is a majority owner of SEAM Management Co., LLC ("SEAM"), which serves as the investment manager to Endeavour Structured Equity & Mezzanine Fund I L.P. (together with successor Funds sponsored by SEAM or its affiliates, the "SEAM Funds"), a private investment fund focused on structured equity and mezzanine investments that are determined to be outside the parameters of the primary equity focus of the Endeavour Funds. Certain Endeavour personnel have additional ownership interests through Endeavour Capital SEAM I, LLC which is also the majority owner of SEAM I GP, LLC, (the "SEAM Fund Manager") which serves as the general partner of the first existing SEAM Fund. As a result of their equity

ownership in the SEAM Fund Manager, these Endeavour personnel financially participate indirectly in the investments of the initial SEAM Fund.

Certain Endeavour personnel also participate in the investment decisions for the initial SEAM Fund and as such, Endeavour Capital personnel may have the ability to influence the investments selected by SEAM on behalf of the initial SEAM Fund. In addition, they share in the management fees and performance fees received by SEAM and the SEAM Fund Manager from the SEAM Fund.

The interests of SEAM and the Endeavour personnel participating economically in SEAM and the SEAM Fund Manager may at times be in conflict with those of the Endeavour Funds with respect to certain investment opportunities which could be available to both the Endeavour Funds and the SEAM Fund I or its successor funds. These potential conflicts of interests may create an incentive for Endeavour or SEAM to seek to allocate an investment opportunity to either the Endeavour Funds or the SEAM Funds in a manner inconsistent with the investment objectives of those funds or to cause either the Endeavour Funds or the SEAM Funds to co-invest in an investment opportunity in order to protect the interest of the other.

Endeavour takes a number of steps to mitigate these conflicts of interest associated with its relationship with SEAM. First, no Endeavour personnel participate in the day-to-day management or control of SEAM and similarly no SEAM personnel participate in the day-to-day management or control of Endeavour. Further, while certain Endeavour personnel participate on the investment committee with respect to SEAM, Endeavour Capital personnel do not participate on behalf of Endeavour SEAM in any investment decisions regarding a SEAM Fund's co-investment with an Endeavour Capital Fund.

Endeavour and SEAM have adopted a joint investment allocation and governance policy that establishes the manner by which investment opportunities will be allocated among the SEAM Fund and Endeavour Funds. This policy requires that the investment allocation decisions take into account the nature of the investment (including type of security, size of opportunity), the preferences of the management of the potential portfolio company, the financial condition and existing capital structure of the potential portfolio company and the terms of the applicable Endeavour Fund Agreements and SEAM Fund's partnership agreement. Co-investment by a SEAM Fund and an Endeavour Fund must meet certain other criteria.

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

### **Code of Ethics**

Endeavour has adopted a Code of Ethics ("Code") in order to establish the standard of conduct expected of its employees in light of the duties of Endeavour and its affiliates to the Endeavour Funds. The Code sets forth standards of conduct based on ethical and professional principles that are expected of all employees and addresses potential conflicts of interest that may arise during their employment. The Code is designed to comply with the requirements of Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

Among other things, the Code defines Endeavour's policies regarding employees' relationships with the Endeavour Funds and other financial services firms, receiving gifts from business associates, employees'

involvement in outside business activities, and under what circumstances employees may accept speaking fees and other perquisites.

Endeavour's Code is based on the underlying principle that Endeavour and its employees owe a fiduciary duty to the Endeavour Funds for which Endeavour and/or its affiliates serve as a general partner and/or investment adviser, which the Code explains in more detail. As fiduciaries, Endeavour's employees are required to place the interests of the Endeavour Funds first, conduct their personal securities transactions in full compliance with the Code, avoid taking inappropriate advantage of their position, comply with applicable federal securities laws, and avoid conflicts of interest. The specific policies and procedures in the Code that Endeavour has adopted to govern personal trading of Endeavour's employees and their immediate family members were designed to address, manage, and mitigate potential conflicts of interest that may arise in connection with employees or their related persons trading or maintaining positions of beneficial ownership in securities for personal accounts. Generally, Endeavour's employees must pre-clear certain transactions with Endeavour's Compliance Department prior to executing such transactions, and they must report their transactions and holdings to Endeavour's Compliance Department on a periodic basis.

Endeavour's personnel may, at times, come into possession of material non-public information through a number of means, including as a result of sitting on or serving as an observer to the board of directors of a portfolio company of an Endeavour Fund. Endeavour has adopted policies addressing the handling and protection of material non-public information. Endeavour and its employees are prohibited from using such information to buy or sell securities until the information has been adequately disclosed to the public or is no longer material. This may cause Endeavour to be unable to dispose of or otherwise take action with respect to an investment at a given time, even if such action were in the best interests of applicable Endeavour Funds.

In certain circumstances, Endeavour may conclude that certain transactions in a particular security need to be restricted and therefore the security may be placed on the "restricted list." While a security is on the restricted list, Endeavour may prohibit purchases, sales, or other transactions in the security by Endeavour personnel. The reasons for placing a security on the restricted list include, but are not limited to, (i) preventing the appearance of impropriety in connection with trading decisions, and (ii) preventing the use, or appearance of the use, of inside information.

Each employee is required to acknowledge the receipt of the Code and any amendments, and receives periodic Code training.

Current or prospective clients may obtain a copy of the Code by contacting Endeavour's CCO.

### **Participation in Client Transactions**

As described in Item 4 above, an Endeavour affiliate serves as the Fund Manager of each Endeavour Fund. These Fund Managers also commit capital to the Endeavour Funds, and as a result every investment made by an Endeavour Fund involves a purchase of securities whereby related persons of Endeavour indirectly acquire an indirect interest in such securities. The principal owners and other employees of Endeavour may also invest directly in certain of the Endeavour Funds.

While the fact that Endeavour's related persons have financial interests in the Endeavour Funds could cause Endeavour and/or the Fund Managers to make different investment decisions than if financial

ownership interest did not exist, Endeavour believes that these financial interests align Endeavour's and the Fund Managers' incentives with the other investors of the Endeavour Funds.

Endeavour personnel are generally not permitted to hold interests in Endeavour Fund portfolio companies outside of their indirect interests through Fund Managers or through their investment in Endeavour Funds. However, Endeavour Funds may invest in companies in which related persons of Endeavour have invested. Such investments will only be made if the terms of the applicable Fund Agreements permit such investment.

As described in Item 5 above, Endeavour or the Fund Managers may receive certain break-up, topping, investment banking, transaction, monitoring, directors', advisory, consulting or other similar fees in connection with portfolio investments of the Endeavour Funds as compensation for financial advisory and similar services provided by them to the Endeavour Funds' portfolio companies. While the Management Fees payable by the Endeavour Funds to Endeavour may be offset by a portion of such fees pursuant to the applicable Fund Agreement, Endeavour further mitigates this conflict of interest by negotiating such fees at arm's length with such portfolio company and generally seeking to ensure that such fees are, in the good faith opinion of Endeavour, in accordance with prevailing market rates in the relevant industry. Endeavour does not take into consideration whether a portfolio company will pay Endeavour or its affiliate a services fee when making an investment determination.

## **Item 12. Brokerage Practices**

The private company securities which are the primary investments by the Endeavour Funds are generally purchased in private placement transactions, without the assistance of a broker-dealer and without the payment of brokerage commissions or dealer mark-ups. However, from time to time, Endeavour or the Fund Managers may advise the Endeavour Funds regarding the purchase or sale of publicly-traded securities, including in connection with investments in portfolio companies through transactions that include the purchase or sale of publicly-traded securities in order to acquire or dispose of such portfolio companies. Endeavour has adopted policies and procedures reflective of its duty to execute trades in publicly-traded securities in a manner designed to seek best price and execution.

In general, Endeavour and the Fund Managers do not measure best execution solely by reference to commission rates or price, but rather considers a number of factors, including but not limited to: the nature and type of security or instrument being traded; the size and type of transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the broker's or dealer's execution services rendered on a continuing basis and in other transactions; the state of the relevant market; and trade execution, clearance, and settlement capabilities as well as other characteristics of the broker or dealer. In determining whether a particular broker or dealer is likely to provide best execution for a particular trade, Endeavour may take into account, among other factors: the overall reputation, experience, reliability, and financial stability of the broker or dealer; the quality of the broker's or dealer's relationship with Endeavour; the broker's or dealer's expertise; the ability to maintain Endeavour's anonymity when executing a trade; the quality of execution; the quality of service from prior transactions; the belief that the broker or dealer charges a fair and reasonable fee for each trade (including based on prior trades); and the broker's or dealer's longevity of presence in the market.

Endeavour and the Fund Managers have no duty or obligation to seek competitive bidding for the most favorable commission rate applicable to any particular transaction, or to select any broker on the basis of its commission rate. The limited trading of Endeavour and its affiliates may involve specialized services on the part of the broker involved and would thereby entail commissions, or their equivalents, greater than would be the case with other transactions requiring more routine services. Because of such factors, paying a broker a higher commission rate than another broker might charge may be appropriate if the difference in cost is reasonably justified in seeking what is in the best long-term economic interests of an Endeavour Fund.

When executing a transaction on behalf of an Endeavour Fund, Endeavour and the Fund Managers will take all reasonable steps to ensure that the broker or dealer is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.

Neither Endeavour nor the Fund Managers, as a matter of policy, effect soft dollar transactions or enter into soft dollar arrangements in respect of transactions for any Endeavour Funds. If Endeavour or the Fund Managers determine to do so, it will be done within the “safe harbor” protection provided by Section 28(e) of the Securities Exchange Act of 1934. While Endeavour and the Fund Managers may receive proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers.

Neither Endeavour nor the Fund Managers currently compensate broker-dealers or third parties for client referrals. Client referrals are not a factor in the broker-dealer selection process for a particular public securities transaction.

Endeavour and the Fund Managers have complete discretion in selecting a broker or dealer for a securities transaction and determining the commission to be paid in connection with that transaction.

Endeavour and the Fund Managers aggregate orders for purchase or sale of a security as deemed appropriate, only if it is in the best interest of the applicable Endeavour Funds and in accordance with each Endeavour Fund’s Fund Agreements.

### **Item 13. Review of Accounts**

Endeavour’s investment professionals, comprised of its managing directors, principals and associates, are responsible for monitoring the investments of each Endeavour Fund on a quarterly and other periodic basis.

Investors in the Endeavour Funds typically receive, among other things, a copy of the relevant Fund’s audited financial statements on an annual basis. Additionally, investors typically receive a quarterly reporting package, which includes a copy of the relevant Fund’s unaudited financial statements and commentary regarding performance of the portfolio companies of the relevant Endeavour Fund.

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

Endeavour sponsors the formation of each Endeavour Fund, and Endeavour and its affiliates do not engage or compensate third party referral agents to solicit new clients. Any cash payments to solicitors of clients would be made in accordance with Rule 206(4)-3 under the Advisers Act, as amended.

#### **Item 15. Custody**

Endeavour and/or its affiliates generally have custody of the assets of Endeavour Funds, and accordingly Endeavour and its affiliates comply with the custody requirements applicable to registered investment advisers.

All of the Endeavour Funds' assets, save for certain uncertificated securities purchased in private transactions, are held with a "qualified custodian," as defined in the applicable custody rules, which generally includes a bank or broker-dealer.

Endeavour is exempt from the quarterly account statement delivery obligations and surprise audit requirement of the custody rule because each of the Endeavour Funds are audited each year by an independent public accountant, and Endeavour distributes financial statements to investors in each Endeavour Fund annually. As indicated above, investors in each Endeavour Fund receive audited financial statements for the applicable Endeavour Fund within 120 days of the end of each fiscal year.

#### **Item 16. Investment Discretion**

The Fund Agreement of each Endeavour Fund or applicable Investment Management Agreement grants to Endeavour or the applicable Fund Manager full discretionary authority to manage the day-to-day investment operations of such Endeavour Fund in accordance with the terms and conditions of the applicable Fund Agreement. Investors in an Endeavour Fund may not impose any limitations on such authority, other than any limitations which are negotiated at the time of the organization of an Endeavour Fund and set forth in the applicable Fund Agreement.

#### **Item 17. Voting Client Securities**

Given the nature of Endeavour's private equity investments, Endeavour does not expect to receive requests to act as proxy in a proxy voting capacity. However, Endeavour has established policies and procedures to govern how Endeavour or the Fund Managers will act to the extent it is requested to act as proxy in a proxy voting capacity. Endeavour's proxy voting policy and procedures also include provisions to manage potential conflicts of interest in connection with the proxy voting requests received by Endeavour.

Generally, the applicable Fund Manager is provided with the voting authority and discretion to engage in proxy voting with respect to the securities owned by each Endeavour Fund. In such cases, each proxy voting proposal received by an Endeavour Fund is thoroughly reviewed in order to ensure that each such vote is voted in the best interests of the Endeavour Fund holding the applicable securities.

Endeavour proxy voting policies, procedures, and voting history are available to any Endeavour Fund investor, upon request, subject to the provision that they are subject to change at any time without notice.

Endeavour and/or its personnel may occasionally have business or personal relationships with the proponents of proxy voting proposals, participants in proxy voting contests, corporate directors and officers, or candidates for directorships. Any conflicts of interest relating to proxy voting, regardless of whether actual or perceived, will be addressed in accordance with these policies and procedures. The guiding principle by which a Fund Manager votes in any proxy voting capacity is the maximization of the ultimate long-term economic value of the relevant Endeavour Fund and does not permit proxy voting decisions to be influenced in any manner contrary to, or dilutive of, this guiding principle.

It is the general policy of Endeavour to vote or give consent on all matters presented to security holders in any instance of proxy voting. However, Endeavour reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Endeavour investment professionals, the costs associated with providing proxy voting outweigh the benefits to an Endeavour Fund, or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the relevant Endeavour Fund.

## **Item 18. Financial Information**

Endeavour and its affiliates do not require or solicit prepayment of advisory fees six months in advance. There are no financial conditions that are reasonably likely to impair Endeavour's ability to meet contractual commitments to its clients.

## **Item 19. Requirements for State-Registered Advisers**

Endeavour is not registered with any state securities authority.