

SUNTX CAPITAL MANAGEMENT CORP.
(“*SunTx*”)

FORM ADV, PART 2A
(the “*Brochure*”)

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This Brochure provides information about the qualifications and business practices of SunTx. If you have any questions about the contents of this brochure, please contact us at (972) 663-8900. 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 SunTx also is available on the SEC’s website at www.adviserinfo.sec.gov. SunTx may refer to itself as a “registered investment adviser” or “*RIA*”. You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Important Note About This Brochure

This Brochure is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by SunTx;
- a complete discussion of the features, risks or conflicts associated with any account advised by SunTx; or
- to be relied on in determining whether to invest in a Private Fund (as defined herein) or establish an advisory relationship with SunTx.

As required by the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), SunTx provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a Private Fund, together with other relevant offering materials, prior to, or in connection with, such persons’ establishment or consideration of a client relationship or an investment in a Private Fund.

Persons who receive this Brochure (whether or not from SunTx) should be aware that it is designed solely to provide information about SunTx as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as an advisory contract or a Private Fund’s Governing Documents (as defined below).

More complete information about each Private Fund, as well as SunTx’s investment management services in general, is included in relevant Governing Documents, certain of which may be provided to current and eligible prospective clients or Investors (as defined below) only by SunTx or another designated party. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control.

In no event should this Brochure be considered to be an offer of interests in a Private Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.

ITEM 2: MATERIAL CHANGES

Following is a discussion of the material changes to SunTx's Brochure from the initial filing with the SEC in February of 2012.

Item 4 – Advisory Business

- SunTx has enhanced its disclosure to more fully identify its private equity fund clients.
- SunTx has also updated its disclosure to describe the affiliated entities and activities involved in the creation of a newly formed Hedge Fund.

Item 5 – Fees and Compensation

- SunTx has updated this section to provide fee and compensation details for the newly formed hedge fund.
- SunTx has also updated its disclosure to provide additional information about the types of fees and compensation that SunTx or an affiliate may receive from Portfolio Companies and in connection with Portfolio Company investments and the treatment of such fees.
- SunTx has also updated its disclosure to provide additional detail about the types of costs and expenses to which the Private Funds are subject.

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

- SunTx has updated its disclosure to discuss the potential conflicts involved in the side-by-side management of its Private Equity Funds and the newly formed Hedge Funds given the differences in performance fee structure.

Item 8 – Methods of Analysis, Investment Strategies & Risks of Loss

- SunTx has updated this item to summarize investment strategies and risks for the newly formed Hedge Funds.

Item 10 – Other Financial and Industry Activities and Affiliations

- SunTx has enhanced its disclosure to identify other affiliates that are Relying Advisers.
- SunTx has updated its disclosure to provide additional information about services that SunTx or an affiliate may provide to Portfolio Companies.
- SunTx has updated this item to describe its policy with respect to outside activities.

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

- SunTx has updated its disclosure to provide additional information about limitations on potential investments by SunTx or affiliates in privately negotiated equity investments of the types to be made by Clients.
- SunTx has updated its disclosure to provide additional information regarding its practice with respect to Co-Investment Opportunities.
- SunTx has further updated its disclosure to provide information about the handling of principal transactions.
- SunTx has updated this item to describe its gifts and entertainment policy.

Item 12 – Brokerage Practices

- SunTx has updated this item to describe brokerage practices for the newly formed Hedge Funds, which are substantively different than the Private Equity Funds.

Item 13 – Review of Accounts

- SunTx has updated this item in anticipation of increased reviews and reporting for the newly formed Hedge Fund.

Item 14 – Client Referrals and Other Compensation

- SunTx has updated its disclosure to note that prime brokers or other brokers may make capital introductions for the newly formed Hedge Fund.
- SunTx has also updated its disclosure to confirm that it does not receive any economic benefit from a non-client in connection with providing advisory services, with the exception of Portfolio Company fees, as further disclosed in Item 5.

Item 15 – Custody

- SunTx updated this item to further clarify the basis under which it is deemed to have custody of Client funds and securities.

Item 16 – Investment Discretion

- SunTx updated its disclosure to reflect that it may enter into side letter agreements that include limited restrictions on private fund investments.

Item 17 – Voting Client Securities

- SunTx updated this item to acknowledge that it does expect to hold publicly-traded securities in the newly formed Hedge Fund.

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ITEM 4: ADVISORY BUSINESS

Firm Overview

SunTx is primarily a private equity investment management firm that, since its inception in 2000, has pursued its investment strategy of making control investments in middle-market companies primarily in the Sunbelt region (the “**Sunbelt**” or the “**Region**”). SunTx was co-founded in 2000 by Ned N. Fleming III, Mark R. Matteson, Craig J. Jennings and Richard Boyle (collectively, the “**Principals**”). SunTx is wholly-owned by Ned N. Fleming III; SunTx Capital II Management Corp. (“**SunTx II**”), an affiliate of SunTx and a relying adviser (as discussed below), is owned by Ned N. Fleming III, Mark R. Matteson and Craig J. Jennings. SunTx Capital SBIC Corporation (“**SunTx SBIC**,” also a relying adviser) is owned by Ned N. Fleming III.

SunTx or an affiliate provides investment management services on a discretionary basis to private equity investment funds (the “**Private Equity Funds**”), including SunTx Fulcrum Fund, L.P. (“**SunTx Fulcrum**”), SunTx Fulcrum Dutch Investors, L.P. (“**Fulcrum Dutch**”), SunTx Fulcrum Fund II-SBIC, L.P. (“**SBIC Fund**” and together with SunTx Fulcrum and Fulcrum Dutch referred to as “**Fund I**”), SunTx Capital Partners II, L.P. (“**Capital II**”) and SunTx Capital Partners II Dutch Investors, LP (“**Dutch II**” and together with Capital II referred to as “**Fund II**”). Certain of SunTx’s affiliates (and not SunTx) serve as general partners to the Private Equity Funds. Companies in which the Private Equity Funds invest are referred to as “**Portfolio Companies**”. SunTx or a SunTx affiliate also serve as general partner and/or investment manager to single purpose private investment funds established for the purpose of acquiring a Portfolio Company.

Beginning in 2013, Ixthys, an affiliate of SunTx, expects to begin managing parallel hedge funds, Ixthys Premium Alpha, LP and Ixthys Premium Alpha QP, LP (each a “**Hedge Fund**” and together the “**Ixthys Funds**”). Ixthys Capital Management, LLC (“**Ixthys**”) is owned by SunTx Alternative Asset Management Corp. and is a relying adviser (as discussed below). SunTx Alternative Asset Management Corp. is owned by Ned N. Fleming III, Mark R. Matteson and Craig J. Jennings. An affiliate of SunTx and Ixthys will serve as the general partner to the Ixthys Funds. The Ixthys Funds will provide a complementary investment alternative to the Private Equity Funds, focused on a low-volatility quantitative investment strategy using shorts and straddles on S&P 500 contracts. The Ixthys Funds have not yet begun trading and do not yet have outside investors as of the date of Brochure.

The Private Equity Funds and the Ixthys Funds are each referred to as a “**Private Fund**.” The single purpose private investment funds are referred to as “**Private Clients**” and together with the Private Funds, are referred to as the “**SunTx Funds**,” “**Clients**” or “**Accounts**”.

SunTx and its affiliates that serve as general partner and/or investment manager to SunTx Clients (the “**SunTx Affiliates**”) are subject to a unified compliance program and hold themselves out to current and potential investors as conducting a single advisory business. SunTx and those SunTx Affiliates that serve as investment manager (each a “**Relying Adviser**”) have together filed a single Form ADV. References in this Brochure to SunTx shall include the Relying Advisers and all SunTx Affiliates, as appropriate.

As of December 31, 2012, SunTx had approximately \$989,656,263 in discretionary gross assets under management, which amount includes uncalled capital commitments as of that date. SunTx does not currently manage any assets in a non-discretionary manner.

Nature of SunTx's Clients and Investors

Private Clients and investors in the Private Funds are typically domiciled in the U.S. and Europe and include public and private defined benefit retirement plans, endowments and foundations, family offices, wealth management firms, healthcare entities, financial institutions and high net worth individuals. The Private Funds are typically U.S. limited partnerships and other investment vehicles that are not registered or required to be registered under the U.S. Investment Company Act of 1940 (the “***Investment Company Act***”) or the U.S. Securities Act of 1933 (the “***Securities Act***”) and are privately placed to qualified investors in the United States and elsewhere. See, also Item 7 below.

SunTx's Investment Mandates

Clients are managed in accordance with the relevant Client's investment objectives as set forth in the relevant Private Fund's confidential offering memorandum, organizational documents and other related documents (collectively a Private Fund's “***Governing Documents***”) or investment agreement, and in all cases investments are selected on the basis of the Client's investment needs and objectives.

SunTx manages each Private Fund in accordance with the Private Fund's particular investment objectives, strategies and guidelines (as set forth in the relevant Governing Documents) and the Private Funds are not tailored to the individualized needs of any particular limited partner (each, an “***Investor***”) though certain Private Funds may take into consideration the general characteristics (*e.g.*, tax status) of its target Investors when structuring its operations. An investment in a Private Fund does not, in and of itself, create an advisory relationship between the Investor and SunTx and SunTx typically does not enter into separate advisory arrangements with any Investor. Therefore, each Investor must consider for itself whether any Private Fund meets the Investor's investment objectives and risk tolerance before investing in a Private Fund. Information about each Private Fund is set forth in its Governing Documents, which will be available to current and eligible prospective Investors only through SunTx or another authorized party.

ITEM 5: FEES AND COMPENSATION

Private Equity Fund Fees

SunTx and its affiliated entities that serve as general partners to the Private Funds (the “**SunTx General Partners**”) receive various fees from the Clients for their services at a negotiated rate based on each Client’s particular circumstances. Fees for these services are set forth in the Governing Documents or applicable investment management agreement.

SunTx’s management fees for its Private Equity Funds are initially generally charged as a percentage of aggregate capital commitments of a Client, but this calculation is transitioned to a percentage of the Client’s funded capital commitments after a stated period of time. Management fees generally decline after a stated period, which is generally after the fifth year after the final closing date for subscriptions. However, the degree and pace of deceleration varies per Client. Management fees are generally payable quarterly in advance as of the beginning of the quarter. Investors who transfer their interests prior to the end of a quarter do not receive a refund of any portion of their management fees.

SunTx generally receives a carried interest based on a percentage of the net profits of each Private Equity Fund with respect to certain investments as defined in the Governing Documents for a Private Fund or Private Client, as the case may be. In these cases, the payment of the carried interest may be subject to Investors having realized a preferential return on the net outstanding amount of their capital contributions calculated from the date of contribution to the date of return.

Additionally, SunTx may waive or reduce management fees, in its discretion. Thus, different Investors in the same Private Equity Fund may pay different fees based on, among other things, waivers. Additionally, the SunTx General Partner’s capital account in a Private Equity Fund will generally not be subject to management fees or carried interest. Except as otherwise agreed, SunTx is not obligated to waive or reduce fees for any other Investor when offering waivers or reductions to a particular Investor.

Assets in the Private Equity Funds are generally subject to a lockup. Investors that fail to meet a capital call are subject to a forfeiture of a portion of their capital accounts, pursuant to the Governing Documents of the Private Fund or Private Client.

SunTx or a related party may receive advisory fees, directors fees, monitoring fees, investment banking or closing fees, commitment fees, break-up, “topping” or similar fees from Portfolio Companies in which Clients invest and/or in connection with Portfolio Company investments (“**Special Income**”). Pursuant to terms set forth in the Governing Documents for each Private Equity Fund, such Special Income, after deduction of unreimbursed expenses and costs of SunTx and its affiliates (“**Net Special Income**”), generally reduces the management fees payable to SunTx and/or offsets expenses of the Private Fund, as described below. In the event SunTx or a SunTx Affiliate receives Net Special Income in connection with investments made by the fund in which there are co-investors, management fees for the fund will be offset only by the fund’s allocable share of any Net Special Income paid to SunTx in connection with investments made by the fund and such co-investors.

Ixthys Fund Fees

SunTx’s management fees for the Ixthys Funds will be charged as a percentage of each Investor’s capital account balance, calculated each calendar quarter and paid each calendar quarter in arrears. The management fee will be calculated separately with respect to each Investor and will be debited from each Investor’s capital account. Capital contributions accepted after the commencement of a calendar quarter will be subject to a prorated management fee. SunTx may reduce or eliminate the management fee with respect to any Investor at its sole discretion.

The general partner of the Ixthys Funds is entitled to a 20% performance allocation, which is calculated and charged quarterly separately with respect to each Investor, on the basis of net profits allocated to such Investor that exceed the amount of any loss for the then current calendar year. The terms of the performance allocation are described in more detail in the Governing Documents for the Ixthys Funds. The performance allocation with respect to any Investor may be waived or altered

Other Information With Respect to Fees and Expenses

Private Equity Funds

In addition to the management fee, each Private Equity Fund typically pays its own operating expenses, or otherwise reimburses SunTx, for these and other services as well as for certain organizational and offering expenses related to the Private Equity Fund (“**Partnership Expenses**”). Partnership Expenses are described more fully in the Private Fund’s Governing Documents.

Partnership Expenses typically include all reasonable out-of-pocket costs of administration of each Private Fund, including consulting and accounting, audit, tax return preparation and legal expenses, administrators’ fees, annual meeting costs, liability insurance, and limited partner reporting. Partnership Expenses also include out-of-pocket costs and expenses directly related to portfolio investments or prospective investments that are not consummated, such as legal, accounting and other professional or third-party costs, travel and other costs, brokerage commissions and transaction costs, custody fees and fees of professional advisors and consultants (“**Deal Expenses**”) as well as expenses incurred in obtaining systems, research and other information utilized in SunTx’s investment program. SunTx seeks to structure portfolio company investments so that Deal Expenses are absorbed by the relevant Portfolio Company. Deal Expenses that are not absorbed by a portfolio company, such as when a deal is not consummated (i.e., “**Dead Deal Expenses**”) or when a security is purchased from someone other than the issuer, are deemed Partnership Expenses and to the extent such expenses relate to a specific investment are generally capitalized as part of the cost of the investment. To the extent any SunTx affiliates earns any break-up, “topping” or similar fee, such fees offset such expenses.

Partnership Expenses also include expenses incurred in the registration or exemption of the fund; unreimbursed expenses incurred in connection with the collection of amount due to the fund from any person; expenses incurred in connection with alterations and amendments to Governing Documents; out of pocket expenses of the Limited Partner Advisory Committee and Board of Governors, including compensation of the members of the Board; expenses incurred in connection with any fund litigation and/or any indemnity or payment to any person; all expenses in connection with the dissolution and liquidation of the fund; and all expenses incurred on account of taxes, fees or other governmental charges

The General Partner for each Private Fund is responsible for all administrative and overhead expenses associated with the operation of the General Partner and Investment Manager, fees and expenses of any placement agent retained in connection with the offering of fund interests, and organizational expenses in excess of an amount that is set forth in the Governing Documents for each Private Equity Fund (“**General Partner Expenses**”).

Investors are charged for management fees and Partnership Expenses either through a “capital call” by which the Investor is required to pay the required amount from its undrawn capital commitment to the Private Fund, or through a deduction from available cash held by the Private Fund, as selected by SunTx. Management fees are generally billed quarterly and are paid through a capital call or deduction from available cash.

Ixthys Funds

The Ixthys Funds bear other costs and expenses (“***Fund Expenses***”), including the expense of fund organization and offering fund interests, including legal and accounting fees, printing costs, travel, “blue sky” filing fees and expenses and out-of-pocket expenses. The Ixthys Funds also are responsible for all costs and expenses directly related to the investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees and any withholding or transfer taxes imposed on the fund. The Ixthys Funds are further responsible for all out-of-pocket costs of fund administration, including accounting, audit and legal expenses, costs of any litigation or investigation involving the fund’s activities and costs associated with Investor reporting. The General Partner is responsible for salaries, office rent and other general overhead costs of the General Partner and Investment Manager.

Fund Expenses are charged to the capital account of each Investor as of the cost of the fiscal period during which such expenses were accrued by the fund. Fund Expenses that are applicable only to certain Investors are only charged to the capital accounts of those Investors. Fund Expenses are described more fully in the Governing Documents for the Ixthys Funds.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted above, the Clients generally pay carried interest or performance-based fees to SunTx that are tied to the performance of the relevant Client. SunTx's receipt of performance-based fees raises certain conflicts of interest, which are described below.

Investment Selection. Performance-based fees and other arrangements where the incentive to achieve gains may exceed the disincentive to suffer losses may cause SunTx to choose investments that are riskier or more speculative than might otherwise have been chosen.

To mitigate these conflicts, SunTx management has invested substantial personal funds in the Private Funds and SunTx's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to the Clients and without consideration of SunTx's (or its personnel's) pecuniary, investment or other financial interests.

Side-by-Side Management. The performance-based fees paid by the Private Equity Funds will differ somewhat from the performance-based fees paid by the Ixthys Funds. Such differences in fee structure could theoretically incent SunTx to favor one fund over another in its investment allocations.

This potential conflict is mitigated by the fact that the investment objective and strategy for the Private Equity Funds and the Ixthys Funds are inherently different. Therefore, investments that are appropriate for the Private Equity Funds will generally not be appropriate for the Ixthys Funds and vice versa. The investment objectives, strategy and guidelines for each fund are set forth in the fund's Governing Documents. Moreover, investments in the two Ixthys Funds will be managed *pari passu* to avoid potential conflicts.

ITEM 7: TYPES OF CLIENTS

SunTx provides investment management services solely to Private Funds and Private Clients.

Investors in the Private Funds and Private Clients are generally institutional investors and certain high net worth investors that are “accredited investors” and “qualified purchasers” (if required pursuant to the fund’s exemption), within the meaning of the Securities Act and the Investment Company Act, respectively.

The Private Funds have a specified minimum investment as set forth in their Governing Documents. This is subject to discretion, on the part of SunTx or its affiliates to permit investments of a smaller amount generally or with respect to any Investor.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Following is a summary of the investment strategies and risks involved in SunTx's investment activities. Investors and potential investors should review the applicable Governing Documents for the particular Private Fund(s) in which they are considering investing for a more comprehensive discussion of the relevant risks associated with investing in that Private Fund.

Private Equity Funds

Methods of Analysis and Investment Strategies

SunTx focuses on manufacturing, services and distribution businesses headquartered, or with significant operations, in the Sunbelt. SunTx believes the Region offers a large number of compelling investment opportunities given the size and strength of its economy, the strong foundation for further economic growth and capital investment, and the comparatively fewer private equity firms focusing on lower-middle market businesses.

A significant part of SunTx's strategy is to proactively identify investment opportunities and bypass the auction market for companies. Accordingly, SunTx has created a multi-faceted approach to developing investment ideas and sourcing investments, including the following key elements: (i) identifying promising areas of investment through a rigorous research and industry analysis; (ii) leveraging the SunTx's reputation and presence in the Sunbelt to source proprietary opportunities; (iii) backing experienced industry executives or management teams to pursue build-ups and other acquisition opportunities in a particular industry sector; and (iv) avoiding competition by investing in sectors or niches that SunTx believes are either ignored or misunderstood, or businesses that involve significant analytical complexity.

Investment Risks

SunTx's investment activities involve a significant degree of risk. The securities in which a Private Equity Fund may invest are highly illiquid and, although these investments may occasionally generate some current income, the return of capital and the realization of gain, if any, from an investment generally will occur only upon the partial or complete disposition of an investment. It is unlikely for there to be a public market for most of the securities recommended by SunTx on behalf of its Private Equity Funds, and these securities may require a substantial period of time to liquidate. There can be no assurance that the Private Equity Funds will be able to realize returns on its investments it manages or that the returns will be commensurate with the risks of investing in the type of companies and transactions described in the applicable Governing Documents. Accordingly, an investment in the Private Equity Funds should only be considered by persons who can afford a loss of their entire investment. Private equity investments made by SunTx involve a number of material risks including (but not limited to) the following:

Possible Lack of Diversification. The Private Equity Funds may not be subject to any comprehensive diversification or asset allocation requirements or be limited to a particular investment strategy. To the extent an Account concentrates investments in a particular geographic region, security, investment sector or stage of investment, investments may become more susceptible to fluctuations in value resulting from adverse economic or business conditions applicable to that region, type of security, sector or stage of investment. In addition, a Private Equity Fund may participate in a limited number of investments in which case the investment returns of the Private Equity Fund could be substantially adversely affected by the unfavorable performance of a single investment.

Competition for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is competitive and involves a high degree of uncertainty. The Private Equity Funds may compete with other potential investors including private funds, hedge funds, other financial institutions or

other corporate or strategic buyers for limited investment opportunities. As a result, there can be no assurance that a Private Equity Fund will be able to locate and complete portfolio investments that satisfy the Private Equity Fund's return objectives or realize their potential values or that the Private Equity Fund will be able to become fully invested for a significant period of time, if at all.

Reliance on SunTx Professionals. The success of Private Equity Funds may depend, in substantial part, upon the skill and expertise of the investment professionals of SunTx. There can be no assurance that these SunTx investment professionals will continue to be associated with SunTx throughout the life of a particular Private Equity Fund.

Passive Investment in Interests. Neither Investors nor Private Clients control the day-to-day operations, including investment and disposition decisions, of any Private Equity Fund and generally must rely entirely on SunTx, among others, to conduct and manage the affairs of a Private Equity Fund.

Market and Economic Risks. Private equity investments in Portfolio Companies may be materially and adversely affected by market, economic, and political conditions globally and in the jurisdictions and sectors in which the investments are made or the portfolio companies operate, including factors affecting interest rates, the availability of credit, currency exchange rates, and trade barriers.

Distribution of Portfolio Companies. The Private Equity Funds may receive security positions from a Portfolio Company as part of a distribution or liquidation. These positions will be subject to market risk until liquidated.

Uncertain Nature of Investments. Private Equity Funds may enter into high-risk investment opportunities. Companies in which the Private Equity Funds invest may not achieve their expected operational objectives and might experience substantial fluctuations in their operating results. In all these cases, Private Equity Funds are subject to the risks associated with the underlying businesses engaged in by Portfolio Companies, including market conditions, changes in regulatory environment, general economic and political conditions, the loss of key management personnel and other factors. Potential investors should realize that realization events could be delayed as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned in this Brochure or the applicable Governing Documents.

Illiquid Investments. Although investments by Private Equity Funds occasionally may generate some current income, the return of capital and the realization of gains, if any, from an investment primarily will occur upon the partial or complete disposition of the investment. It generally is expected that the sale of most of the investments will not occur for a number of years after the investments are made. Generally, no public market exists for most of the securities initially held by a Private Equity Fund and these securities may require a substantial length of time to liquidate.

Insufficient Capital for Follow-On Investments. From time to time, a Portfolio Company may require additional capital. There is no assurance that a Private Equity Fund will make follow-on investments or that the Account will have sufficient resources to, or be permitted to, make these follow-on investments. A decision to not make follow-on investments or its inability to make them may have a substantial negative impact on a Portfolio Company, may result in missed opportunities for a Private Equity Fund or may result in dilution of the Private Equity Fund's investment.

Investments Longer than Term. Private Equity Funds may make investments that, due to various reasons, may not be capable of an advantageous disposition prior to the date a Private Equity Fund is required to be dissolved, either by expiration of the Private Equity Fund's term or otherwise. Therefore a risk exists that a Private Equity Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Regulatory Approvals. There can be no assurance that a Portfolio Company targeted by SunTx or a Private Fund will be able to (i) obtain all required regulatory approvals that it does not yet have or that it may require in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility owned by a Portfolio Company, the completion of a previously announced acquisition or sales to third parties, or could otherwise result in additional costs to a Portfolio Company.

Inflation Risk. If a Portfolio Company is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Some Portfolio Companies may have long-term rights to income linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. Typically, as inflation rises, a Portfolio Company will earn more revenue, but will incur higher expenses. As inflation declines, a Portfolio Company may not be able to reduce expenses in line with any resulting reduction in revenue. Many businesses rely on concessions to mitigate the inflation risk to cash flows through escalation provisions linked to the inflation rate. While these provisions may protect against certain risks, they do not protect against the risk of a rise in real interest rates, which is likely to create higher financing costs for these businesses and a reduction in the amount of cash available for distribution to investors.

Leverage. SunTx's private equity investments typically include investments in companies whose capital structures may have leverage. These types of investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. A highly leveraged entity may be subject to restrictive covenants imposed by lenders restricting its activity, or may be limited in making strategic acquisitions, or obtaining additional financing, and will have increased exposure to adverse economic factors such as downturns in the economy or deterioration in the condition of the Portfolio Company or its industry. Securities acquired by SunTx for a Private Equity Fund, either directly or indirectly through a Portfolio Company, may be the most junior in what will typically be a complex capital structure, and thus subject to the terms of the relevant financing and a lender decides to enforce its creditor rights. Events of default may in some cases be triggered by events not related directly to the borrower itself, such as the insolvency of a guarantor. SunTx's and a Private Fund's ability to achieve attractive rates of return will depend on its ability to access sufficient sources of indebtedness at attractive rates. An increase in either interest rates or risk spreads demanded by leverage providers could make it more expensive to finance SunTx's or a Private Fund's investments and could make it more difficult to compete for new investments with other potential buyers who have a lower cost of capital. In addition, a portion of the indebtedness used to finance investments may include high-yield debt securities issued in the capital markets. Availability of capital from the high-yield debt markets is subject to significant volatility, and there may be times when SunTx or a Private Fund may not be able to access those markets at attractive rates, or at all, when completing an investment.

Minority Investment Positions. Investments may be made by SunTx in Portfolio Companies in conjunction with one or more other investors. Although SunTx typically will negotiate shareholder rights that give it significant influence over the direction of the Portfolio Company, certain major decisions generally may require the consent of other investors, thereby lessening SunTx's control and, therefore, its ability to protect the position of the relevant Private Equity Fund.

Ixthys Funds

Methods of Analysis and Investment Strategies

The Ixthys Funds utilize quantitative investment analysis. The investment objective of the Ixthys Funds is to both buy and sell put and call options simultaneously, with the primary emphasis on selling, so that at any

point in time either the put or the call will be profitable. This strategy seeks to limit the Funds' risk of price moves in the underlying security and take advantage of the historic overpricing of these instruments over time. Most of the derivative positions will be 30 days or less.

Depending on conditions and trends in the securities markets and the economy in general, the General Partner and the Investment Manager may pursue any objectives, employ any investment techniques or purchase any type of security that they consider appropriate and in the best interests of the Funds.

Investment Risks

The Ixthys Funds' investment activities involve a significant degree of risk. The investment strategy is based upon numerous assumptions and opinions of the General Partner and Investment Manager concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Ixthys Funds investment strategy will achieve profitable. Accordingly, an investment in the Ixthys Funds should only be considered by persons who can afford a loss of their entire investment. Investments in the Ixthys Funds involve a number of material risks including (but not limited to) the following:

Limited Operating History. The Ixthys Funds are newly-formed entities that do not have operating histories for prospective investors to evaluate prior to making an investment.

Investment Judgment; Market Risk. The profitability of a significant portion of the Ixthys Funds' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Ixthys Funds, there is always some, and occasionally a significant, degree of market risk.

Reliance on Ixthys Professionals. The success of the Ixthys Funds may depend, in substantial part, upon the skill and expertise of the investment professionals of Ixthys. There can be no assurance that these Ixthys investment professionals will continue to be associated with Ixthys throughout the life of the Ixthys Funds.

Short Sales. The Ixthys Funds may enter into transactions, known as "short sales," in which they sell securities they do not own in anticipation of a decline in the market value of the security. Short sales by the Ixthys Funds that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Ixthys Funds may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Ixthys Funds might have difficulty purchasing securities to meet their short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet their short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when

the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Funds contract for the purpose of making derivative investments (the “**Counterparty**”). In the event of the Counterparty’s default, the Ixthys Funds will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts they are contractually entitled to receive.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Funds are maintained) and the various foreign currencies in which the Funds’ portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Leverage. Subject to applicable margin and other limitations, the Ixthys Funds may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Funds’ portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Funds and will affect the operating results of the Funds. Also, the Funds could potentially create leverage via the use of instruments such as options and other derivative instruments.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor’s entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Futures Contracts. A portion of the Ixthys Funds’ capital may be invested in futures contracts or other commodities interests. Futures prices are highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

Index Contracts. The Ixthys Funds may, but are not required to, utilize various other instruments to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “**index contracts**”).

Index contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the Manager's views as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of index contracts and price movements in the Funds' portfolios creates the possibility that losses in the value of such portfolios may be greater than the gain on the hedging instrument (or that a gain in the Funds' portfolio positions may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, the Ixthys Funds might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of index contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain, which might result from an increase in value of such position.

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds ("**ETFs**") and other similar instruments may be purchased or sold short by the Ixthys Funds. An ETF is an investment company that is registered under the Investment Company Act that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called "creation units." Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

Instruments the Ixthys Funds may purchase that are similar to ETFs represent beneficial ownership interests in specific "baskets" of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, are not registered as investment companies under the Investment Company Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including the risk that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Funds' investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The Investment Manager considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

Costs Associated with ETF Investments. Investment managers of ETFs selected by the Investment Manager will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of an ETF in which the Funds invest are in addition to the Management Fee of the Investment Manager and the Performance Allocation of the General Partner and will reduce the Funds' assets accordingly.

Turnover. The Ixthys Funds may invest on the basis of short-term market considerations. The portfolio turnover rate of the Funds may be significant, potentially involving substantial brokerage commissions and fees.

Investment Authority. Substantially all decisions with respect to the management of the Ixthys Funds are made by the General Partner and the Investment Manager. Limited Partners have no right or power to take part in the management of the Ixthys Funds. In the event of the withdrawal or bankruptcy of the General Partner, generally the Ixthys Funds will be liquidated.

Withdrawal Restrictions. There are severe restrictions on withdrawals from the Ixthys Funds (which may be settled in securities rather than cash) and on transfers of Interests. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Ixthys Funds is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

No Distributions. Since the Ixthys Funds do not generally intend to pay distributions, an investment in a Fund is not suitable for an investor seeking current distributions of income. Moreover, an Investor is required to report and pay taxes on its allocable share of income from the Ixthys Funds, even though no cash is distributed by such fund.

In-Kind Distributions. The Governing Documents authorize the General Partner to make distributions in-kind of securities in lieu of or in addition to cash. In the event the General Partner makes distributions of securities in-kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

Diversification. Since the Ixthys Funds' portfolios will not necessarily be widely diversified, the portfolios may be subject to more rapid changes in value than would be the case if the Funds were required to maintain a wide diversification among companies, securities and types of securities.

Valuations. From time to time, certain situations affecting the valuation of the Ixthys Funds' investments could have an impact on the net asset value of the Ixthys Funds, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Funds are not required to make retroactive adjustments to prior subscription or withdrawal transactions or Management Fees or Performance Allocations based on subsequent valuation data.

Non-Public Information: From time to time, the Investment Manager may come into possession of non-public information concerning specific companies. Under applicable securities laws, this may limit the Investment Manager's flexibility to buy or sell portfolio securities issued by such companies. The Ixthys Funds' investment flexibility may be constrained as a consequence of the Investment Manager's inability to use such information for investment purposes.

Commodities and Futures Regulation. The Ixthys Funds may trade on a limited basis in commodities and futures. Such trading activity is regulated by the Commodity Futures Trading Commission (the "*CFTC*"). Pursuant to an exemption from registration under CFTC regulations, the General Partner is not required to register, and is not registered, with the CFTC or the National Futures Association ("*NFA*") as a commodity pool operator (a "*CPO*") or as a commodity trading advisor ("*CTA*"). To comply with the exemption, the General Partner is subject to specific limitations on the amount of commodities and futures that it can trade on behalf of the Ixthys Funds. Should the Ixthys Fund's investments in commodities or futures instruments exceed the limits provided by the applicable exemption from registration, the General Partner will either have to register with the NFA or cease providing commodity interest trading advice to such fund and liquidate such fund's holdings of commodities and futures which could result in losses and additional costs to such fund.

Broker Insolvency Risk. Transactions entered into by the Ixthys Funds may be executed on various U.S. and non-U.S. exchanges, and may be cleared and settled through various clearing houses, custodians, depositories, broker-dealers and prime brokers throughout the world. While U.S. rules and regulations applicable to these brokers may offer significant protections to the assets of their clients if one of them were to become insolvent, the assets of the Ixthys Funds held at such broker could be at risk.

The assets of the Funds also may be held by non-U.S. brokers. Although certain non-U.S. jurisdictions provide similar protections to client assets, there can be no assurance that the Funds will not experience losses in any insolvency of such a non-U.S. broker. The Investment Funds will attempt to execute, clear and settle transactions through entities that the Investment Manager believes to be sound, but there can be no assurance that a failure by any such entity will not lead to a loss to the Ixthys Funds. In addition, the Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges in the United States and other countries are authorized to take extraordinary actions in the event of market emergencies. Such actions could lead to a loss as a result of delay in settling transactions or other circumstances.

Counterparty Risk. The Ixthys Funds are subject to the risk that counterparties of derivative contracts and other instruments in which they invest and trade may default on their obligations under those instruments and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. Some of the markets in which the Ixthys Funds effect their transactions are over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation by an exchange or clearing organization and regulatory oversight, as are members of exchange-based markets. The Ixthys Funds therefore are exposed to a greater risk that a counterparty will not timely settle a transaction or otherwise perform its obligations in accordance with contractual terms and conditions because of a dispute over the terms of the contract (whether or not bona fide), or because of a credit or liquidity problem, thus causing the Ixthys Funds to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Ixthys Funds have concentrated their transactions with a single or small group of counterparties. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement of positions and segregation and minimum capital requirements applicable to intermediaries. Although the Ixthys Funds intend to enter into transactions only with counterparties that the Investment Manager believes to be creditworthy, will attempt to reduce the Ixthys Funds' exposure by obtaining collateral in appropriate cases and will pursue any available remedies under any of these contracts, there can be no assurance that a counterparty will not default and that the Funds will not sustain a loss on a transaction as a result. The Ixthys Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Concentration of transactions with a limited number of counterparties could increase the potential for losses. The Ixthys Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses.

ITEM 9: DISCIPLINARY INFORMATION

SunTx is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SunTx or the integrity of SunTx's management.

SunTx has no information to disclose in response to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SunTx is affiliated with SunTx II and SunTx SBIC, which are private equity fund managers, and with Ixthys, which is a newly formed Hedge Fund manager. SunTx II, SunTx SBIC and Ixthys are each “Relying Advisers” and their activities and the activities of their employees and the persons acting on their behalf are subject to SunTx’s supervision and control. The activities of each Relying Adviser are subject to the Advisers Act and SunTx and the Relying Advisers operate under a unified compliance program administered by a single compliance officer in accordance with the Advisers Act. SunTx and each Relying Adviser use the same office space and personnel.

Neither SunTx nor any of its management persons is registered, or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

General Partners. As described in Item 4, the SunTx Affiliates each serve as general partners to one or more of the Private Funds.

Private Funds. Investors in a Private Fund may be offered the opportunity to invest in other Private Funds for which they are eligible; however, SunTx is under no obligation to make these types of investments available, investments may not be appropriate for any particular Investor, and persons offered this opportunity recognize that SunTx is making the opportunity available based solely on its knowledge of the Investor’s eligibility for such a Private Fund. SunTx will not consider whether the investment is appropriate for the Investor and is not providing investment advice in making the opportunity available. These Investors should consider all available information about such investments, in light of their particular circumstances, prior to making an investment and, as a result, not all persons offered this opportunity will choose to invest. Further information about the Private Funds, and their investments, can be found in the Governing Documents, which are made available to current and qualified prospective Investors.

Certain of the Private Equity Funds enter into co-investment arrangements with Investors or other third-party investors and make investments with these Investors or other third-party investors in certain other Private Funds managed by SunTx that were created solely for purposes of the co-investment arrangement.

Certain SunTx employees, officers and/or affiliates serve (and may in the future serve) as directors, officers or committee members of various Portfolio Companies. Such persons could face conflicts of interest between discharging their duties to the Portfolio Companies and acting in the best interest of Private Funds and Private Clients. While SunTx does not generally charge director fees for SunTx employees serving on portfolio company boards, any compensation received in such capacities as directors, officers or committee members generally will offset management fees and/or other Partnership Expenses as discussed in Item 5 above.

SunTx employees are generally expected to devote their full professional time and efforts to the business of the Company and avoid activities that could present actual or perceived conflicts of interest. Ixthys Principals may engage in other business activities, as described in the Governing Documents for the Ixthys Funds. SunTx employees must generally obtain prior approval from the CCO for outside activities. Please refer to Item 11 - Code of Ethics for a further discussion on potential conflicts of interest.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

SunTx may advise numerous Clients and may rely on various, complementary, competing and, in some cases conflicting, investment strategies. In performing its advisory services, SunTx may give advice and take action with respect to any of these Clients that may differ from actions taken by SunTx on behalf of other Clients. SunTx is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling for any Account any security that SunTx or an access person may buy or sell for its or their own accounts or for any other Clients SunTx manages. Additionally, SunTx, its affiliates and their respective personnel may invest or otherwise have an interest, either directly or indirectly, in a Private Fund which, in turn, may invest, directly or indirectly, in securities held by other SunTx Clients.

The Governing Documents of the Private Equity Funds limit investments by SunTx and its affiliates outside the fund in privately negotiated equity investments of the types to be made by the fund. SunTx must promptly disclose to the Limited Partner Advisory Committee all investment opportunities in which SunTx or SunTx Affiliates invest consisting of privately negotiated equity investments that meet the investment parameters of, but are not invested in by the fund.

Pursuant to the Governing Documents of the Private Equity Funds, in connection with any Private Equity Fund investment where the transaction requires or permits a larger investment than appropriate for the Private Equity Fund, SunTx may in its sole discretion (but shall not be required to), offer to certain Limited Partners the opportunity to co-invest with the fund on such terms and conditions as the General Partner or Investment Partner determines. SunTx employees do not participate in Co-Investment Opportunities.

Neither SunTx nor any SunTx affiliate may engage in any principal transaction with a Client unless it complies with applicable law and relevant policies and procedures. In order to ensure that it obtains requisite consent required by Section 206(3) of the Advisers Act, SunTx will not engage in any principal transaction with a Private Fund without the prior approval of the fund's Limited Partner Advisory Committee.

SunTx and its affiliates may enter into transactions with Portfolio Companies, and Private Funds managed by SunTx II may invest in the same Portfolio Companies as the Private Funds managed by SunTx, which could lead to potential conflicts of interest. In addition, SunTx employees may invest in securities in which the Ixthys Funds invest or are eligible to invest, which could result in potential conflicts. SunTx has implemented policies and procedures relating to personal securities transactions and insider trading that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve conflicts appropriately, if they do occur.

Code of Ethics

SunTx's Code of Ethics was adopted to govern personal transactions by supervised persons and to assure that their interests do not conflict with the interests of Clients or, as applicable, Investors in Private Funds. As such, SunTx's Code of Ethics includes: (i) standards of business conduct, requiring that supervised persons comply with relevant provisions of the federal securities laws and the fiduciary duties an investment adviser owes to its clients; (ii) personal securities transaction policies governing the personal investment activities of relevant personnel and requiring the submission by access persons of reports regarding their personal trading accounts and activities; and (iii) an insider trading policy.

Currently, all employees, officers, directors and principals of SunTx are considered to be "supervised persons" for purposes of the Code of Ethics. Personnel who fail to observe the Code of Ethics and related compliance policies risk serious sanctions, including dismissal and personal liability.

Personal Securities Transactions Policy

SunTx's Code of Ethics also includes a personal securities transactions policy, which imposes certain requirements and restrictions with respect to personal trading and investment activity by access persons. In particular, the Code requires access persons to obtain the approval of the Chief Compliance Officer ("**CCO**") prior to investing in initial public offerings ("**IPOs**") and private placements. SunTx periodically updates the Restricted List as appropriate to reflect actual or potential investment activities of the Clients or other receipt of potential material non-public information. Access persons are also prohibited from, among other things, investing in securities listed on the firm's Restricted List without prior approval by the CCO. Access persons are prohibited from buying or selling any security that is held by or under consideration for purchase or sale by the Ixthys Funds. In appropriate circumstances the CCO may grant waivers to the Code's restrictions.

Insider Trading Policy

SunTx and its related persons may, from time to time, come into possession of material nonpublic and other confidential information, which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, SunTx may be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless of whether that other person is a Client. Accordingly, should SunTx come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating that information to, or using that information for the benefit of its Clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use that information for the benefit of, the Clients when following policies and procedures designed to comply with law. Accordingly, SunTx's Code establishes procedures to prevent the misuse of material nonpublic information by SunTx's supervised persons.

Reporting Requirements under the Code

To assist SunTx in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, access persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in certain, reportable securities and quarterly reports of their personal transactions in reportable securities. These reports are submitted to and reviewed by the CCO or the CCO's designee.

Gifts and Entertainment

SunTx employees may on occasion accept gifts or invitations to entertainment but must always act in the best interest of SunTx and its Clients and avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of the Company's business relationships. SunTx's gifts and entertainment policy implements internal controls to monitor such activity, which include (among others):

- Requiring employees to obtain pre-clearance from the Chief Compliance Officer before accepting gifts and entertainment of significant value; and
- Prohibiting more than four gifts or entertainment given or sponsored by the same person or entity without pre-approval from the CCO

ITEM 12: BROKERAGE PRACTICES

Private Equity Funds

SunTx does not typically use brokers to transact for the Private Equity Funds. On occasion, the Private Equity Funds may receive security positions from a Portfolio Company as part of a distribution or liquidation of that Portfolio Company. In situations where SunTx chooses the broker-dealer to liquidate these positions, SunTx, consistent with its duty to seek best execution, selects brokers and dealers based upon their reputation, quality of service, and ability to liquidate the particular security.

When selecting a broker or dealer, SunTx will take into account factors such as execution capabilities, commission rates, responsiveness and financial responsibility. In applying these factors, SunTx recognizes that different brokers may have different execution capabilities with respect to different types of securities and transactions, and that no one broker will likely be judged the best at every relevant factor as a general matter or with respect to any particular transaction.

Soft Dollars. SunTx's current policy is not to use commissions generated by trading for Clients to pay for third party research services.

Brokerage for Client Referrals. SunTx does not use brokerage relationships for client referrals.

Ixthys Funds

The Investment Manager for the Ixthys Funds is currently evaluating potential prime brokers for the Ixthys Funds and will engage one or more prime brokers to hold all of the funds' investments in marketable securities and to execute trades on behalf of the Ixthys Funds. The Investment Manager will be responsible for the placement of the portfolio transactions of the Ixthys Funds and the negotiation of any commissions or spreads paid on such transactions. Portfolio transactions normally will be effected through brokers on securities exchanges or directly with the issuer, or through an underwriter, or market maker or other dealer for the investments. Portfolio transactions through brokers involve a commission to the broker. Portfolio transactions with dealers typically are priced to include a spread between the bid and the asked price to compensate the dealer. Portfolio transactions will be executed by brokers selected solely by the Investment Manager in its discretion.

In determining which broker-dealer generally provides the best available price and most favorable execution, the Investment Manager considers a totality of circumstances, including the broker-dealer's research capabilities and the success of prior research recommendations, ability to efficiently execute difficult trades (such as those in illiquid markets or trades of substantial size), the broker's risk in positioning a block of securities, commitment of capital, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial strength, stability and responsibility, efficiency, reputation, access to markets, confidentiality, commission rate, responsiveness to the Investment Manager and the value of research and brokerage and research products and services provided by such brokers.

The Investment Manager may also execute trades with brokers and dealers with whom the Funds or the Investment Manager have other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in a Fund or other entities managed by the Investment Manager.

Soft Dollars. Broker-dealers may provide research that may include written or oral proprietary research. Broker-dealers may also provide research products that include software and related support services for use in research and trading, quotation boards, computer databases and quotation equipment, in each case

to access research or which provide research directly. Research services may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, attendance at conferences and meetings, electronic market quotations, performance measurement services, analyses and/or due diligence concerning specific securities, companies or sectors, including due diligence on specific aspects of a company's operations or finances, analyses on issues raised in proxy statements and market, economic and financial studies and forecasts. Research services may be in written or oral form or on-line and may be produced by broker-dealers or third parties such as attorneys, accountants or consultants. Brokerage products and services may include certain order management system components and order routing.

In selecting broker-dealers on the basis of the foregoing factors, the Investment Manager may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Research received from brokers will be supplemental to the Investment Manager's own research efforts. While the receipt of research will not reduce the Investment Manager's normal research activities, the Investment Manager's expenses could increase materially if it attempted to generate such additional research or brokerage services through its own staff, and the Investment Manager's fee will not be reduced as a consequence of the receipt of such research or brokerage services or products or other services. As such, the Investment Manager's arrangements for the receipt of research and brokerage services from brokers may create a conflict of interest, in that the Investment Manager may have an incentive to choose a broker-dealer that provides research and brokerage services, instead of one that does not but charges a lower commission rate. In some instances, the Investment Manager receives products and services that may be used for both research and non-research purposes.

Brokerage for Client Referrals. The Ixthys Funds will utilize the services of one or more prime brokers, which may provide capital introduction or other placement services to the Ixthys Funds with or without separate charges for such services.

ITEM 13: REVIEW OF ACCOUNTS

Reviews. Private Funds are reviewed by the SunTx Investment Team on a semi-annual basis. The SunTx Investment Team, comprised of senior executive members of SunTx, reviews, among other items, market outlooks and data related to the Portfolio Companies in each Private Fund such as reporting and valuations. The Ixthys Funds will pursue an active trading strategy. As such, the management team for such funds will engage in an ongoing review of the portfolio and market activity.

Reports. Investors generally receive quarterly written reports from SunTx detailing, at a minimum, a description of the Private Fund holdings, financial statements and a capital account statement. Investors in each Private Fund receive periodic reports, communications and/or statements, as set forth in the relevant Private Fund's Governing Documents or as otherwise agreed. The Ixthys Funds will also distribute monthly performance reports to Investors.

Additionally, annual audit reports may be provided to each Investor in a Private Fund within 90 or 120 days (as set forth in each Private Fund's Governing Documents) after the end of the relevant Private Fund's fiscal year. Reports may include or be accompanied by information with respect to the performance of the Private Fund, information about the Investor's capital account and certain tax-reporting information (*e.g.*, Form K-1).

Representatives of SunTx may be made available for discussions with Investors on a periodic or agreed upon basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

SunTx does not currently have any arrangements with third-party placement agents as none of the Private Funds are currently raising capital. In the past, SunTx has entered into agreements with third-party placement agents that provided for a payment to a placement agent in the event that a prospective investor introduced to SunTx by that placement agent elected to invest in a Private Fund managed by SunTx. These arrangements were pursuant to a negotiated written agreement and SunTx typically paid each placement agent a percentage of the assets that placement agent introduced to SunTx ranging from 0% to 2%, subject to other contingencies.

The Ixthys Funds will utilize the services of one or more prime brokers, which may provide capital introduction or other placement services to the Ixthys Funds with or without separate charges for such services.

Neither SunTx nor any SunTx Affiliate generally receives any economic benefit from a non-client for providing investment advice or other advisory services to its Clients, except that SunTx or its affiliates may receive certain fees from Portfolio Companies, or in connection with Portfolio Company investments, as described in Item 5 above. As described more fully in each Private Fund's Governing Documents, such fees – after deduction for unreimbursed expenses – generally offset management fees and/or reduce fund expenses.

ITEM 15: CUSTODY

Due to its affiliation with the General Partner for each Private Fund and Private Client, SunTx is generally deemed to have custody of Client funds and securities for purposes of Rule 206(4)-2 under the Advisers Act.

In order to comply with Rule 206(4)-2, SunTx utilizes the services of qualified custodians (as defined under Rule 206(4)-2) to hold Clients' assets, to the extent required by the Rule. SunTx also ensures that each qualified custodian maintains these assets in an account that contains only Clients assets, under the Client's name. In accordance with Rule 206(4)-2, SunTx also (i) engages an outside auditor to audit each Private Fund at the end of each fiscal year and (ii) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all Investors within 120 days after the end of the fiscal year for each Private Fund.

ITEM 16: INVESTMENT DISCRETION

SunTx provides investment advisory services to each Private Fund and Private Client on a discretionary basis, subject to the overall supervision of the General Partner. The investment objectives and restrictions of the Private Funds are set forth in the relevant Governing Documents. Investors in the Private Funds do not have authority to impose any restrictions upon SunTx's discretionary authority. However, SunTx may, under certain circumstances, enter agreements or side letters with Investors that limit certain fund investments to address specific legal, regulatory, tax or policy restrictions of the Investor.

ITEM 17: VOTING CLIENT SECURITIES

Investors in the Private Funds cannot direct how proxies for securities held in Private Funds are voted and therefore SunTx is generally responsible for voting proxies with respect to securities held in the Private Funds. SunTx does not vote or review proxies on securities held by underlying Portfolio Companies. SunTx has adopted Proxy Voting Policies and Procedures (the “**PVPs**”). These PVPs provide that, in cases where SunTx has such authority and deems it in the best interest of the Clients, it will vote the securities in accordance with the PVPs and in an effort to maximize value of the relevant Client(s). Clients and Investors may receive a copy of the PVPs, as well as information on how proxies were voted for relevant Clients by request.

SunTx does not typically invest in or hold publicly-traded securities in the Private Equity Funds and, therefore, historically has not typically voted proxies. However, the Ixthys Funds may invest in or hold publicly-traded securities. To the extent SunTx is in a position to vote proxies, SunTx generally votes proxies or corporate actions based on what it considers to be in the best financial interest of the Clients.

ITEM 18: FINANCIAL INFORMATION

SunTx is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients.