

**Item 1 – Cover Page**

**CENTERFIELD MANAGEMENT III, INC.**

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This Brochure provides information about the qualifications and business practices of Centerfield Management III, Inc. (“Centerfield”, “us”, “we” or “our”). If you have any questions about the contents of this Brochure, please contact us at 317-237-2323 and/or [jackie@centerfieldcapital.com](mailto:jackie@centerfieldcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

We are a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications presented to you by an investment adviser provide you with information which you may use to determine to hire or retain the adviser or invest in its managed funds.

Additional information about Centerfield Management III, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission (the “SEC”) published “Amendments to Form ADV” which amended the disclosure required in our Firm Brochure. This Brochure, dated April 1, 2013, is an updated document prepared according to the SEC’s new requirements and rules.

Future updates of this Brochure will include a section describing and summarizing specific material changes that have been made to this Brochure since our last delivery or posting on the SEC’s public disclosure website.

Currently, our Brochure may be requested by contacting Jacqueline Byers, our Chief Compliance Officer, at (317) 829-3706 or [jackie@centerfieldcapital.com](mailto:jackie@centerfieldcapital.com). You can always receive the most recent version of this Brochure through the SEC’s public disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### *Item 4 – Advisory Business*

Centerfield Management III, Inc., a Delaware corporation (“Centerfield”, “us”, “we” or “our”), is based in Indianapolis, IN. The Centerfield organization has been in business since mid-2000. Our principal owners are Thomas A. Hiatt, D. Scott Lutzke, Matthew C. Hook and A. Faraz Abbasi.

Centerfield provides investment advisory services to private pooled investment vehicles organized as limited partnerships (each, a “Fund” and, collectively, the “Funds”). The Funds are closed and generally have a term of 10 years following the final close, with certain options to extend. Two of our Funds are licensed as Small Business Investment Companies (“SBIC”s) by the Small Business Administration (the “SBA”) One of the SBIC Funds (the “Leveraged SBIC Fund”) obtained commitments from the SBA to provide financing equal to approximately 1.7 times the original amount of the capital committed to the SBIC Fund by the investors. In addition, the non-SBIC Funds have the ability to obtain bank financing. The borrowed capital for the various Funds is then added to the amount of capital contributed by the investors and invested by the Funds based on our investment advice as described below.

The Funds are marketed primarily to institutional investors and high net worth individuals. These investors purchase interests in the Funds, and investments are made at the Fund level, not for individual investors in the Fund. The only advisory clients of Centerfield are the Funds. As the investment adviser of the Funds, Centerfield, along with each Fund’s general partner (each, a “General Partner” and, collectively, the “General Partners”), identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of each Fund.

The primary focus of Centerfield’s investment advisory services is researching and advising on privately negotiated transactions in operating entities. Investments are predominantly in non-public companies, although investments in public companies are permitted under certain circumstances. Usually one or more of our partners may serve on a portfolio company’s board of directors or otherwise act to influence control or management of portfolio companies held by the Funds.

The advisory services for each of the Funds are further described in the Funds’ respective offering memorandum, limited partnership agreement and management or advisory agreement (collectively, the “Documents”). We do not vary our investment advice from the terms of these Documents. Additionally, these Documents also detail certain restrictions that govern the investments the Funds may and may not make, and the remuneration Centerfield receives for managing the Funds.

In accordance with common industry practice, one or more of the General Partners may enter into “side letters” or similar arrangements with certain investors pursuant to which the General Partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally. These arrangements typically clarify any regulatory, informational, co-investment rights and interpretational issues with the Documents.

As of January 31, 2013, we managed \$304 million of assets on a discretionary basis for six Funds, including amounts borrowed from the SBA. The Funds were formed between 2000 and 2011. Two of the Funds are no longer making investments in new portfolio companies but may make follow-on investments in existing portfolio companies in the Fund. We do not manage client assets on a non-discretionary basis.

#### *Item 5 – Fees and Compensation*

As compensation for investment advisory services rendered to the Funds, Centerfield receives from each Fund an annual management fee. The amounts of the management fees are determined in accordance with the terms of the Fund's partnership agreement and applicable side letters. The management fee payable by a Fund may be reduced or waived in some circumstances in connection with the receipt by Centerfield or its related persons of all or a portion of various fees paid by portfolio companies. The management fees are payable quarterly.

In general, except with respect to the Leveraged SBIC Fund, during the investment period the management fees range from 1.5% to 2.0% of the total capital committed to the Fund by investors. After the investment period, the management fees are generally based on a similar percentage of the invested capital of the Fund. For the Leveraged SBIC Fund the management fee is a similar percentage, but is calculated in part by reference to the leverage commitment from the SBA. Therefore, the management fee for the Leveraged SBIC Fund as a percentage of capital commitments from investors was significantly higher. Management fees are billed to each Fund or its General Partner and paid by the Fund or its General Partner from the Fund's assets. To obtain cash for the payment of management fees, the General Partner of the Fund may draw down investors' capital commitments. Centerfield has the ability to waive management fees in exchange for deemed capital contributions by the General Partners to the Funds.

For certain Funds, expense reimbursements may be payable to Centerfield or its affiliates. Any such Fund expense reimbursements are disclosed to investors in the Documents and are in addition to the management fees discussed above. Each Fund also generally bears certain expenses relating to its activities and operations (other than expenses resulting from the fraud, gross negligence or willful misconduct of its General Partner).

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in each Fund's Documents, over the terms of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

To the extent provided in the Documents, Centerfield will pay out of its management fees certain operating expenses, including expenses on account of rent, utilities, office supplies, office equipment, compensation of its employees and other routine administrative expenses relating to the services and facilities provided by Centerfield to the Funds. Each Fund generally bears all other expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, investment banking, brokerage, finders', custody, transfer, registration, interest, taxes and extraordinary expenses, and other

similar fees and expenses. Some of these expenses borne by the Funds may relate to costs associated with unexecuted transactions.

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

The Funds' Documents generally provide that, after contributed capital plus a preferred return is returned to the investors in the Fund, the net profits realized by the Fund are shared between the Fund's General Partner and the Fund's investors. The General Partner's portion of such net profits is referred to herein as the General Partner's "Carried Interest" or performance based fees. For the Leveraged SBIC Fund, the Fund has certain payment obligations to the SBA. As long as certain tests are met, the investors in the Leveraged SBIC Fund may receive payments, and the General Partner can receive its Carried Interest, as described above, prior to the time that the full leverage is repaid to the SBA.

Each of our Funds maintains for each investor in the Fund a capital account that is adjusted to reflect any allocations of net gain or loss.

The General Partners of the Funds are all affiliates of Centerfield, and our affiliates and employees may be members or partners of the General Partners that may receive these performance distributions from the Funds.

Performance-based allocation arrangements received by the General Partners and, indirectly, Centerfield's related persons may create an incentive for Centerfield to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

#### *Item 7 – Types of Funds*

Centerfield currently provides investment advisory services to pooled investment funds. Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of such Fund, and not individually to the investors in such Fund. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in Funds may include high net worth individuals, banks, insurance companies, pension and profit-sharing plans, trusts, university endowments, foundations, corporations, limited partnerships and limited liability companies or other business entities.

We require that each investor in a Fund be an "accredited investor" as defined in Regulation D under the Securities Act of 1933 or a "qualified purchaser", within the meaning of 2(a) (51) of the Investment Company Act of 1940, as amended. We also require that each investor that is a U.S. resident in a Fund that pays us a performance based fee be a "qualified client" within the meaning of Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Depending on the Fund, generally investors must invest a minimum dollar amount of \$1 million. The General Partners of each Fund may waive the minimum investment amount at their sole discretion.

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

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

Our Fund clients typically invest subordinated debt and/or equity-related securities of private operating companies in negotiated transactions. Our client Funds generally make non-control investments, and require there to be ownership on the part of company management. For each client Fund, we make investment recommendations in accordance with the investment strategies described in the Fund's Documents.

Prior to making an investment, Centerfield carries out an extensive fundamental analysis of a target investment's market position and growth prospects, including cash flows, market analyses, leadership team and projected exit strategy. A vital element of this analysis is the development of an operating plan that, if the investment is consummated, will form the basis for the portfolio company's operating targets.

### *Risks*

The investment strategies described above, and other strategies that may be pursued by the Funds, involve a substantial degree of risk, and the Funds may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund's Documents and include the following:

***Business Risks.*** The Funds' investment portfolios will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Often, there will be no collateral to protect an investment once made, and the companies and securities in which the Funds will invest generally will not be rated by a credit agency. Such investments involve a high degree of business and financial risk that can result in substantial losses.

***Mezzanine Investment Risks.*** The Funds' investment portfolios will contain mezzanine investments in portfolio companies that will be highly leveraged, thereby increasing the degree of credit risk inherent in the investment. Although mezzanine securities may be senior to common stock and other equity securities in the capital structure of a portfolio company, mezzanine securities may be subordinated to large amounts of senior debt and are frequently unsecured. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair a company's ability to finance future operations and capital needs or to pay principal and interest on the Funds' investments when due. Investments in highly-leveraged portfolio companies are intrinsically more sensitive to declines in portfolio company revenue and to increases in portfolio company expenses, including any deterioration in a company's condition or industry, competitive pressures, and adverse economic environment or rising interest rates. There can be no assurance that a portfolio company will generate sufficient cash flow necessary to service its debt obligations, and many of the remedies available

to mezzanine lenders are available only after satisfaction of claims of senior creditors. Therefore, in the event that a portfolio company does not generate adequate cash flow to service its debt obligations, a Fund may suffer a partial or total loss of invested capital.

***Long Term Investments and Illiquidity.*** While an investment by a Fund may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Moreover, the Funds will acquire restricted securities that are not traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of securities of similar companies that are publicly traded. No assurance can be given that a public market for securities of portfolio companies will develop. It is highly speculative whether and when an issuer will be able to register its securities with any governmental securities authority so that they become eligible for trading in public markets. Investments in privately-held companies are generally long-term in nature and require many years from the date of initial investment before disposition. Therefore, there can be no assurance that investors in the Funds will realize a return on their investment in the Funds within a reasonable time, or at all.

***Past Performance Not Indicative.*** Investors in the Funds should be aware that historic investment performance is not indicative of the returns investors may achieve from an investment in a Fund.

***Competition for Investment Opportunities.*** The business of the Funds is highly competitive. Numerous investors, including other mezzanine funds, private equity funds, direct investment firms and merchant banks, will be competing with the Funds for desirable investment opportunities. Because of this competition, a Fund might not be able to identify and participate in a sufficient number of attractive investment opportunities for the Fund to achieve its investment objectives.

***General Economic Conditions.*** General economic conditions may affect the Funds' investment activities. Changes in general economic conditions, including, for example, interest rates, inflation or deflation rates, industry conditions, a slow-down of economic growth, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can substantially and adversely affect the business, prospects and/or valuation of the portfolio companies, and thereby substantially and adversely affect the Funds. Such changes in general economic conditions may also influence the Funds' ability to raise funding to support their investment objectives, find potential investments, liquidate current investments, and reduce levels of profitability achieved on realized investments.

***Diversification.*** The Funds may participate in a limited number of investments and the Funds' investments may not be widely diversified. To the extent that less than the maximum number of Interests is subscribed for with respect to the Funds, the opportunity for diversification of the Funds' investments will be decreased. In addition, the ability of the Funds to diversify the risks of their investments will depend upon the size, characteristics, types and class of investments available. A lack or limited degree of diversification increases risk because the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single investment.



***Reliance on Management of Portfolio Companies.*** The Funds will have limited control over the management of any portfolio company in which the Funds may invest and will rely upon management to operate the portfolio companies on a day-to-day basis. The success of each investment by the Funds will largely depend on the ability and success of the management of the portfolio companies in addition to economic and market factors. There can be no assurance that such management will continue to operate a company successfully.

***Dependence on Centerfield.*** The success of the Funds depends in substantial part on the skill and expertise of the General Partners and Centerfield to identify and evaluate investment opportunities, to negotiate and arrange the closing of transactions, to monitor and manage performance of portfolio companies, and to arrange for timely disposition of investments. The loss of service of Centerfield could have an adverse effect on the Funds' ability to realize their investment objectives. All decisions with respect to the management and investments of the Funds will be made exclusively by the General Partners, which have exclusive control of the Funds. Investors have no right or power to take part in the management of the Funds, to select investments for the Funds, to define the investment criteria of the Funds, or participate in decisions regarding the Funds. Investors should also be aware that historic investment performance is not indicative of the returns investors may achieve from an investment in a Fund.

***Limited Transferability of Fund Interests and Illiquidity.*** An investment in a Fund should be viewed as illiquid. It is uncertain when profits, if any, will be realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. Additionally, there is no public market for interests in the Funds and none is expected to develop. Transfers of Fund interests by an investor may only be made with the consent of the General Partner of the Fund, which may be withheld or delayed in its sole and absolute discretion. It therefore may be difficult or impossible to transfer any interests of a Fund, even in an emergency or upon declining Fund performance. Withdrawals are generally not permitted from the Funds, Fund interests are not redeemable, and the timing or amount of any distributions made to the investors is uncertain. Therefore, an investment in a Fund requires the financial ability to accept significant risk and illiquidity.

***Bankruptcy of Portfolio Companies.*** The Funds may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various bankruptcy laws could operate to the detriment of the Funds. There is also a risk that a court may subordinate a Fund's investment to other creditors or require that Fund to return amounts previously paid to it by a portfolio company that becomes insolvent or files for bankruptcy, the risk of which could increase to the extent that the Fund obtains management rights or holds equity securities in such portfolio company.

***Subordination.*** The investments of the Funds will typically be subordinated to the senior obligations of the portfolio companies, either contractually (in the case of debt securities) or because of the nature of the security (in the case of preferred or common equity or warrants for preferred or common equity). Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations. Adverse changes in the financial condition of a portfolio company and/or in general economic conditions may impair the ability of such portfolio company to make payments on the

subordinated securities or result in defaults on, and declines in the value of, such securities more quickly than in the case of the senior obligations of such portfolio company.

***Default on Capital Commitments.*** In the event that an investor fails to fund any portion of a required capital contribution to a Fund when due, the effect of the default provisions in the Fund's limited partnership agreement could be severe. Among other remedies provided in the limited partnership agreement, a defaulting investor may forfeit all or a portion of its interests or be required to sell its interests in the Fund at a discount. Unless waived by Centerfield, a defaulting investor shall also be required to pay any interest charged to the Fund on amounts borrowed to cover contributions not made on a timely basis by the defaulting investor.

***Risks Upon Disposition of Investments.*** In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are incorrect or misleading. These arrangements may result in contingent liabilities which might ultimately have to be funded through capital contributions by the investors. In the event of the dissolution and termination of a Fund, if the assets of the Fund are insufficient to satisfy its liabilities, each investor may be required to return any or all of the distributions made to such investor as may be required to satisfy these obligations.

***Indemnification Obligations.*** Subject to applicable law, the Funds are obligated to indemnify and hold each General Partner and Centerfield harmless against any cost, claim, liability, damage, loss or expense suffered by the covered person as a result of actions on behalf of one or more Funds or the General Partners in connection with the activities of the Funds; provided, however, that if such cost, claim, liability, damage, loss or expense arises out of an act or omission by the covered person, the covered person believed in good faith at the time of the act or omission that its course of conduct was in or not opposed to the interest of the relevant Fund and such course of conduct did not constitute gross negligence or willful misconduct. In addition, if the assets of a Fund and the unfunded capital commitments of the investors are insufficient to satisfy this indemnification obligation, the investors will be obligated to return distributions received by them to enable the Fund to satisfy its obligations to indemnify covered persons.

***Projections.*** Projected operating results of a portfolio company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

***Need for Follow-On Investments.*** Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase

its investment in a successful portfolio company. There is no assurance that the Funds will make follow on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

***Dilution.*** Investors admitted to a Fund at subsequent closings to the Fund's initial closing will participate in then-existing investments of that Fund, thereby diluting the interest of existing investors in such investments. Although any such new investor will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of that Fund's existing investments at the time of such contributions.

***Director Liability.*** The Funds will often obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

***Regulatory Risk.*** Comprehensive financial reform legislation was recently passed by Congress and signed into law by President Obama. In some cases, this legislation leaves the interpretation of key terms and implementing rule-making authority to certain government regulatory organizations such as the SEC. This legislation and new initiatives may be implemented by such organizations and other instrumentalities of the U.S. government to address recent developments in the global financial markets, and such initiatives could have an adverse effect on the Funds' financial condition. The Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds and their advisors may, for example, adversely affect the value of investments held by the Funds and the ability of the Funds to pursue their investment strategy. The effect of any future regulatory change on the Funds could be substantial and materially adverse.

***General.*** Investors should be aware that there will be situations where the General Partners, Centerfield and their respective affiliates may encounter potential conflicts of interest in connection with the Funds' activities.

***Diverse Investors.*** Investors in the Funds may include taxable and tax-exempt entities (including ERISA plan investors) and may include persons or entities organized in various jurisdictions, including foreign investors, who may have conflicting investment, tax and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. As a consequence, conflicts may arise in connection with decisions made by a Fund regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Centerfield generally will consider the investment and tax objectives of the Funds and their investors as a whole, not the investment, tax, or other objectives of any investor individually.

***Time Devoted to Management of the Funds.*** It is expected that the principals of Centerfield will devote such time as they deem necessary to carry out the operations of the Funds effectively.

***Allocation of Investment Opportunities.*** Centerfield currently manages several families of pooled investment vehicles and other investments similar to those in which the Funds will be investing, and Centerfield's investment staff will continue to manage and monitor such investment funds and investments. Generally, Centerfield will allocate investment opportunities among the Funds in a manner that it deems equitable (considering the size, duration and expected liquidity of the investment, tax and other attributes of the investment and the investors in each Fund and the capital available for investment by each Fund. Following the investment period of the Funds, Centerfield may and likely will focus its investment activities on other opportunities and areas unrelated to the Funds' investments.

***SBIC Regulation.*** SBICs may invest only in small businesses, which are generally defined as having a tangible net worth of not more than \$18 million and average net income after taxes for the preceding two years no greater than \$6 million. There are, however, a separate set of small business size standards for industries as they are defined in the North American Industry Classification System (NAICS). The practical effect of the size standards is minimal for the vast majority of industries. In addition, the Leveraged SBIC must invest at least 20% of its capital in "Smaller Businesses". For the unleveraged SBIC 25% of its investments must be in "Small Businesses". There are restrictions on the ability of an SBIC to invest in certain categories of small businesses such as farm land, project financing, finance companies (re-lenders or re-investors), passive businesses, real estate businesses, and business contrary to the public interest, associates, or other financial intermediaries. SBICs are subject to periodic examination by the SBA, for which the SBA charges examination fees. SBICs are also required to maintain certain minimum levels of capital. Furthermore, SBICs must maintain certain records and make them available for SBA examination. SBICs also are required to prepare valuation guidelines, to file annual reports containing financial, management and other information, and to file notices of certain material changes in their ownership and operations. Among other regulatory powers, prior SBA approval is required before the admission of any investor to an SBIC owning 10% or more of the SBIC's capital or the transfer of interests by an investor. SBA approval of a change in control may be conditioned on such requirements as the SBA deems necessary, and such approval in any case is contingent upon full disclosure of the real parties in interest, the source of funds used to acquire control and other information requested by the SBA. If an SBIC is found to be in violation of the SBIC Act, the SBA can bring suit for the appointment of a receiver for the SBIC and for its liquidation.

#### ***Item 9 – Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no disclosures applicable to this Item.

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

We are a registered investment adviser with the United States Securities and Exchange Commission. We act as investment adviser to the Funds, and the General Partners of the Funds are our affiliates.

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

We have adopted a Code of Ethics for all employees of the firm describing our high standard of business conduct. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. Our employees must certify at least annually their receipt, understanding and compliance with our Code of Ethics.

We do not as a general practice recommend that a Fund invest in other Fund(s) or companies in which we or our affiliates have a material ownership interest. Several of our Funds were organized as parallel entities, and invest in each investment on a pro rata basis. Generally, these Funds invest at the same time, and exit from the investment at the same time.

As investors, we or our affiliates share in the profits and losses generated by the investments of the Funds. Certain employees of Centerfield may invest in Funds either through their General Partners, as limited partners or otherwise. A Fund may in its discretion not charge, or reduce all or a portion of the management fee and performance allocation related to investments held by such persons.

In situations where actual or potential conflicts of interest between us and our affiliates and one or more Funds are identified, procedures contained in the Documents of the affected Funds generally provide for submission of the proposed transaction to an advisory committee for review and resolution. The specific procedures for each Fund we advise are set forth in the Documents of the Fund.

The following factors may alleviate, but will not eliminate, conflicts of interest between and among Funds:

- A Fund will not make any investment unless Centerfield and the Fund's General Partner believe that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant Documents for the Funds; and
- With respect to the Funds, the advisory committees for a Fund, whose members are not affiliated with the General Partner of such Fund, play an important role in resolving conflicts of interest by

approving or disapproving decisions that involve certain conflicts of interest referred to it by such Fund's General Partner in accordance with the relevant Documents for the Fund.

In connection with its investment activities, Centerfield may encounter situations in which it must determine how to allocate investment opportunities among various Funds and other persons, which may include, but are not limited to, the following:

- The Funds;
- Any parallel investment entities that have been formed to invest side-by-side with one or more Funds, or a parallel investment structure whereby several Funds have been formed to invest alongside each other);
- Any alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any co-investment entities that have been formed to invest side-by-side with one or more Funds (the investors in such co-investment entities may include individuals and entities that are also investors in one or more Funds (collectively, "Investors") and/or individuals and entities that are not investors in any Funds (collectively, "Third Parties")); and
- Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds.

For each such Fund or other person discussed above, subject to applicable legal, contractual or similar restrictions, Centerfield generally may decide, in its sole discretion, whether Centerfield or a related person may seek to charge any fees or to receive any performance-based compensation or allocations in connection with such investment opportunities.

Subject to any restrictions contained in the Documents of the relevant Fund or any side-letter or other terms negotiated with respect to such Fund, in general, (i) no Investor has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Centerfield, (iii) co-investment opportunities may, and typically will, be offered to some and not other Centerfield Investors, in the sole discretion of Centerfield, and (iv) certain persons other than Centerfield Investors (e.g., Third Parties) may be offered co-investment opportunities, in the sole discretion of Centerfield.

From time to time, Centerfield may come into possession of material, nonpublic information. In such cases, Funds could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by Centerfield may limit the ability of a Fund to buy and sell investments. In addition, Centerfield may be restricted by contract from using confidential information that it has for the benefit of a Fund.

It is expected that most or all of the employees responsible for advising a Fund will have responsibilities with respect to other Funds advised by Centerfield including funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these employees.

Generally, Centerfield does not effect cross transactions between Funds (a “cross-fund transaction”); however, they may be effected in rare instances, such as at the end of the fundraising period for five of our Funds that were raised to invest in parallel with certain other Funds, when any portfolio investments made by those Funds during the fundraising period may be partially transferred at cost among certain of these Funds so that the applicable Funds can invest on a pro rata basis in all future investments. In the event that Centerfield does effect cross-fund transactions between Funds, Centerfield shall seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and Centerfield’s policies and procedures. Neither Centerfield nor any of its affiliates may receive any compensation for effecting a cross-fund transaction.

The General Partners of the Funds are entitled to Carried Interest under the terms of the Documents of such Funds. Such General Partners are affiliates of Centerfield. The existence of the General Partners’ Carried Interest may create an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of Carried Interest.

The Funds may have tax-exempt, taxable, foreign and other investors, whereas most members of the General Partners are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and the members of the General Partners. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors’ individual tax situations.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with our ability to make decisions and complete transactions in the best interest of our clients.

Our Code of Ethics requires all employees to obtain pre-approval for private placements and IPOs, and prohibits insider trading.

A copy of our Code of Ethics will be provided upon request to any investor in one of our Funds. Such a request can be made by contacting Jacqueline Byers, our Chief Compliance Officer, at (317) 829-3706 or [jackie@centerfieldcapital.com](mailto:jackie@centerfieldcapital.com).

## *Item 12 – Brokerage Practices*

The investments made by our Funds generally do not require the use of a broker-dealer. On certain occasions, however, an investment by a Fund or disposition of securities held by a Fund will require that we select a broker-dealer to execute a transaction. In that case, we will use a broker-dealer whom we have determined will provide the best execution for the transaction. Generally speaking, best execution

means the broker's ability to obtain the best qualitative and quantitative execution reasonably available in the circumstances.

We attempt to achieve these results by choosing broker-dealers to execute transactions based on a range of considerations, including:

- The price and size of the order
- The trading characteristics of the securities involved
- The broker's execution capabilities
- Commission rates
- Financial responsibility
- Responsiveness

We do not take the availability of soft dollars into consideration as it is our policy not to accept research or services in exchange for soft dollars.

#### *Item 13 – Review of Accounts*

Centerfield closely monitors the investment portfolios of the Funds. Centerfield professionals continually review and analyze existing investments to attempt to identify issues early on and to take action when necessary. Centerfield professionals meet periodically to update each other on such investments and related matters.

Centerfield generally does not provide formal written reports to any Fund unless specifically requested by the General Partner of the Fund.

We provide the following reports to investors in each of our Funds:

On an annual basis:

- Audited financial statements
- Tax information necessary for the completion of tax returns

On a semi-annual basis:

- Valuation reports to the Funds' Advisory Boards for their approval of recommended fair market values of the Funds' investments which are made in accordance with FAS 157.

On a quarterly basis:

- Unaudited financial statements



- semi-annually after the second and fourth quarters, a narrative summary of the status of each new portfolio company of the Funds and the occurrence of any material event relating to any portfolio company of a Fund.

#### *Item 14 – Fund referrals and Other Compensation*

We do not receive any economic benefit from any person that is not a client for providing advisory and management services to our Funds.

#### *Item 15 – Custody*

Centerfield may be deemed to have custody of the assets of the Funds as a result of its and the General Partners' authority over the Funds.

It is Centerfield's policy to cause each Fund with assets over which Centerfield is deemed to have "custody" to be audited annually by a PCAOB registered independent accounting firm in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940 and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, Centerfield will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

#### *Item 16 – Investment Discretion*

Centerfield provides investment advisory services to each of the Funds pursuant to the Documents of such Fund. Investment advice is provided by Centerfield directly to the Funds, subject to the direction and control of the affiliated General Partner of such Fund. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Fund, and are set forth in the Documents received by each investor prior to investment in such Fund.

#### *Item 17 – Voting Fund Securities*

To the extent matters arise that call for the vote or consent of the investors in a portfolio company of a Fund; we exercise the voting rights on behalf of the Fund in question. It is our policy to vote all proxies in a manner that best serves the interests of the applicable Fund. An investor in one or more of our Funds may obtain a copy of our proxy voting policy by contacting Jacqueline Byers, our Chief Compliance Officer, at (317) 829-3706 or [jackie@centerfieldcapital.com](mailto:jackie@centerfieldcapital.com).

***Item 18 – Financial Information***

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our Funds and we have not been the subject of a bankruptcy proceeding.

***Item 19 – Required for State-Registered Advisers***

We have no state registrations.