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## **Weld North Advisers LLC**

140 Greenwich Avenue, Third Floor  
Greenwich, CT 06830

This brochure (“Brochure”) provides information about the qualifications and business practices of Weld North Advisers LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (203) 413-5170 or [sjb@weldnorth.com](mailto:sjb@weldnorth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

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

**June 25, 2013**

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## **Item 2 - MATERIAL CHANGES**

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This Item 2 is currently not applicable.

## **Item 3 - TABLE OF CONTENTS**

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Item 4 - ADVISORY BUSINESS .....	1
Item 5 - FEES AND COMPENSATION.....	1
Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	2
Item 7 - TYPES OF CLIENTS .....	2
Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	2
Item 9 - DISCIPLINARY INFORMATION.....	3
Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	3
Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	4
Item 12 - BROKERAGE PRACTICES .....	4
Item 13 - REVIEW OF ACCOUNTS .....	4
Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION .....	5
Item 15 - CUSTODY .....	5
Item 16 - INVESTMENT DISCRETION .....	5
Item 17 - VOTING CLIENT SECURITIES.....	5
Item 18 - FINANCIAL INFORMATION.....	5

#### **Item 4 - ADVISORY BUSINESS**

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Weld North Advisers LLC (the "Adviser") was formed in April 2013 and expects to commence its investment advisory activities on or around August 1, 2013 (the "Commencement Date"). Although currently solely owned by Jonathan N. Grayer directly, as of the Commencement Date Adviser will be a wholly owned subsidiary of Weld North LLC, which will be solely owned by Jonathan N. Grayer.

It is currently expected that the Adviser's only client on and for the foreseeable future after the Commencement Date will be Weld North Holdings LLC ("Holdings"). As of the Commencement Date, substantially all of the economic interest in Holdings will be held by KKR 2006 Fund LP ("KKR 2006"), with the remainder held by Mr. Grayer and an entity controlled by KKR & Co. L.P. As of the Commencement Date, Holdings will be controlled by a board of directors, all members of which will be appointed by KKR 2006. Also as of the Commencement Date, the Adviser will enter into an investment advisory agreement with Holdings (the "Advisory Agreement") pursuant to which the Adviser generally will provide non-discretionary investment advice regarding potential acquisition and other investments by Holdings and pursuant to which the Adviser will have discretionary authority to make certain smaller investments on behalf of Holdings ("Smaller Investments") as specified by the Holding limited liability company operating agreement (the "Operating Agreement"). During the term of the Advisory Agreement, Holdings will not be permitted to make new acquisitions or investments except to the extent the Adviser has recommended such acquisition or investment.

The Adviser's advisory activities will primarily focus on the acquisition of education, health and wellness, consumer services, and marketing businesses. The Adviser will seek to have Holdings make control investments in businesses with high potential for long-term growth in cash flow.

As the principal owner of Holdings and because it appoints all of Holdings' directors, KKR 2006 will have the ability to impose restrictions on making any investment (other than a Smaller Investment).

The Adviser currently does not have any assets under management. As of the Commencement Date, Holdings will be the Adviser's only client, and it is expected that the Adviser will have approximately \$336 million under management on a non-discretionary basis. In addition, the Adviser will be entitled to make Smaller Investments on a discretionary basis as specified by the Operating Agreement.

#### **Item 5 - FEES AND COMPENSATION**

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##### **Adviser's Compensation**

An affiliate of the Adviser will receive a carried interest from Holdings equal to 20% of its profits. In addition, the Adviser will be entitled to an annual advisory fee of \$100,000. Holdings will pay the carried interest to the Adviser's affiliate as a distribution of proceeds from its investments, as and when such proceeds are realized. As the principal owner of Holdings, KKR 2006 has had the ability to negotiate the fees that will be paid to the Adviser.

##### **Other Fees and Expenses**

Holdings will incur its own operating expenses, which may include legal, auditing, consulting, financing, accounting, and other professional fees and expenses; expenses associated with financial statements and tax returns; insurance; any taxes, fees or other governmental charges; and other expenses associated with the acquisition, holding and disposition of its investments including non-investment advisory management fees payable to the parent company of Adviser, Weld North LLC, pursuant to a separate services agreement with Holdings.

## **Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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This Item is not applicable because it is expected that the Adviser's only client on and for the foreseeable future after Commencement Date will be Holdings.

## **Item 7 - TYPES OF CLIENTS**

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It is expected that the Adviser's only client on and for the foreseeable future after the Commencement Date will be Holdings. Pursuant to the Advisory Agreement, the Adviser and Jonathan N. Grayer generally may not provide advisory services to any other person during the term of the Advisory Agreement.

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### **Methods of Analysis and Investment Strategy**

The Adviser will be a global alternative investment adviser concentrating on education, health and wellness, consumer services and marketing businesses. The Adviser will seek for Holdings to make control investments in businesses with high potential for long-term growth in cash flow. The Adviser will perform due diligence reviews to identify and evaluate prospective investment opportunities. The Adviser will look for companies that develop and market high quality products and services, understand the primacy of delivering an excellent customer experience, and seek to be best among industry peers in sales and marketing.

Typical exit methods that the Adviser may recommend to Holdings will include: (i) sale through a public offering or a private placement; (ii) sale to a strategic or financial buyer; and (iii) recapitalization. Throughout the exit process, the Adviser will typically negotiate the sale price, structure the exit of the investment and coordinate external advisers involved in the exit process.

### **Material Risks for Significant Investment Strategy**

The following includes a description of certain material risks involved in the Adviser's investment strategy. Prior to becoming an advisory client of the Adviser, prospective clients should speak with representatives of the Adviser and consult with their own financial and legal advisers.

Business Risks. The Adviser's investment strategy will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Investments such as these involve a high degree of business and financial risk that can result in substantial losses.

Concentration of Investments. The Adviser's investment strategy will involve participating in a limited number of investments, and the Adviser may seek to make several investments in one industry or one industry segment. As a result, the investment portfolios could become highly concentrated, and the performance of a few holdings may substantially affect their aggregate returns.

Education, Health, and Safety Risks. Portfolio companies may be subject to statutes, rules and regulations relating to education, health, and safety, and may be liable for non-compliance with applicable requirements. Holdings may be exposed to risk of loss from such claims arising in respect of such a portfolio company. Further, economic, legal or regulatory changes that affect one or more of the targeted industry segments could have a significant impact on the value of Holdings' investments.

Illiquidity; Lack of Current Distributions. An investment in the Adviser's investment strategy should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, may occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before this time, there may be no current return on the investment. Furthermore, the expenses of operating the Adviser's investment strategy may exceed their income, thereby requiring that the difference be paid from Holdings' capital commitments.

Lack of Sufficient Investment Opportunities. It is possible that the Adviser's investment strategy will never be fully implemented if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty.

Leveraged Investments. The Adviser's investment strategy may make use of leverage by having portfolio companies incur debt. Leverage generally magnifies both the opportunities for gain and their risk of loss from a particular investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of Holdings' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of Holdings' investments in the leveraged portfolio companies in a down market.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the investments in the Adviser's investment program, and hence, most of such investments will be difficult to value.

Reliance on the Adviser and Portfolio Company Management. The Adviser is a newly formed entity and the success of Holdings' investment will be entirely dependent on the Adviser and Jonathan N. Grayer. Future profitability will depend largely upon the business and investment acumen of the Adviser and Mr. Grayer. The loss of service of Mr. Grayer could have an adverse effect on the Adviser's ability to realize its investment strategy. Although the Adviser's non-investment advisory parent Weld North LLC will monitor the performance of each portfolio company, each portfolio company's management team will be primarily responsible for operating the portfolio company on a day-to-day basis. Although the Adviser generally intends to invest in companies with, or with the ability to retain, strong management, there can be no assurance that the management of these companies will continue to operate a company successfully or remain with the company following the Adviser's investment.

#### **Item 9 - DISCIPLINARY INFORMATION**

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This Item 9 is not applicable.

#### **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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This Item 10 is not applicable.

## **Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics**

The Adviser has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that the Adviser’s supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires certain of the Adviser’s supervised persons (“access persons”) to report their personal securities transactions and holdings quarterly to the Chief Compliance Officer and requires the Advisers’ Chief Compliance Officer to review those reports. It also requires the Adviser’s supervised persons to report any violations of the Code of Ethics promptly to the Chief Compliance Officer. Each of the Advisers’ supervised persons receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each of the Adviser’s supervised persons must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting Steven J. Berger at [sjb@weldnorth.com](mailto:sjb@weldnorth.com).

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

Adviser’s supervised persons will devote such of their business time to providing advisory services to Holdings as is reasonably necessary and appropriate, commensurate with the level of activity of Adviser from time to time; provided that Adviser shall cause Jonathan N. Grayer (with certain exceptions specified in the Operating Agreement) to devote substantially all of such Mr. Grayer’s business time and efforts to the daily operations and affairs of the Adviser for the benefit of the Holdings.

Mr. Grayer is an investor in Holdings, and Holdings may take certain major actions only with Mr. Grayer’s consent, including the selection of any replacement investment adviser. Under certain circumstances, Mr. Grayer may invest individually in a company that the Adviser has recommended to Holdings for investment but as to which Holdings has rejected such recommendation.

### **Personal Trading**

Personal securities transactions by the Adviser’s access persons are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments. All the Adviser’s access persons must obtain prior approval for all personal securities transactions, including any transaction in an initial public offering or in a private placement. If prior approval is granted, access persons must execute the transaction for which the approval was obtained on the day of approval.

## **Item 12 - BROKERAGE PRACTICES**

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The Adviser does not expect to acquire investments on behalf of Holdings in publicly traded securities through brokers or dealers but rather through negotiated investments in privately held companies and will exit investments on behalf of Holdings as described in Item 8 above.

## **Item 13 - REVIEW OF ACCOUNTS**

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### **General Description**

The Adviser will diligently seek potential investments that the Adviser deems appropriate to Holdings and, for those investments that Adviser believes Holdings should make, and will present an acquisition

proposal with respect to such investment to Holdings as frequently as those opportunities arise. Monitoring investments made by Holdings will be conducted by Weld North LLC, the non-investment advisory parent company of Adviser, pursuant to a separate services agreement with Holdings.

## **Client Reports**

Other than written acquisition proposals, the Adviser will not provide regular reports to Holdings. Weld North LLC, the non-investment advisory parent company of Adviser, will manage, subject to the supervision of Holdings board, the day to activities of Holdings pursuant to a separate services agreement with Holdings.

## **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

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The Adviser will not directly or indirectly compensate any third-party for client/investor referrals.

## **Item 15 - CUSTODY**

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This Item 15 is not applicable.

## **Item 16 - INVESTMENT DISCRETION**

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The Adviser generally will not have investment discretion over Holdings' assets although the Adviser will have discretion to make Smaller Investments as specified in the Operating Agreement. As the principal owner of Holdings and because it appoints all of Holdings' directors, KKR 2006 will have the ability to impose restrictions on making any investment (other than a Smaller Investment).

## **Item 17 - VOTING CLIENT SECURITIES**

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As required by Rule 206(4)-6 under the Advisers Act, the Adviser has adopted written policies and procedures to guide the Adviser in the event it is presented with proxy voting opportunities. However, due to the nature of its investment strategy involving control investments in privately held companies, it is expected that the Adviser will not be presented with proxy voting opportunities. If the Adviser is presented with a proxy voting opportunity, the Adviser will vote proxy proposals in a manner that serves the best interests of the client. Specifically, Adviser will vote in accordance with the recommendations of the issuer's management with respect to routine matters, unless, in the opinion of Jonathan N. Grayer, such recommendations are not in the best interest of the client which owns such security, in which case Adviser will vote in accordance with such client's best interests, as determined by Mr. Grayer, in his sole discretion. In the case of any non-routine matter, Adviser will vote in accordance with the client's best interests, as determined by Mr. Grayer, in his sole discretion. In the case of any conflict of interest between Adviser and a client with respect to proxy voting, Adviser's Chief Compliance Officer may engage an independent third party, including outside counsel, to determine how the proxy should be voted, or may establish an ethical wall or other informational barrier between the persons that are involved in the potential conflict and the persons making the voting decision in order to insulate the potential conflict from the decision maker. A copy of the Adviser's proxy voting policy and information regarding how the Adviser voted proxies may be obtained by contacting the Adviser's chief compliance officer, Steven J. Berger at [sjb@weldnorth.com](mailto:sjb@weldnorth.com).

## **Item 18 - FINANCIAL INFORMATION**

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This Item 18 is not applicable.