

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**BERNHARD CAPITAL PARTNERS MANAGEMENT, LP**

**400 Convention Street  
Baton Rouge, LA 70802  
<http://www.shawcapitalpartners.com/>**

**July 17, 2013**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Bernhard Capital Partners Management, LP (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (225) 228-2500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

## **MATERIAL CHANGES**

This Brochure reflects the change in the name of the investor adviser to Bernhard Capital Partners Management, LP (the “**Management Company**”).

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Material Changes .....</b>	<b>ii</b>
<b>Advisory Business .....</b>	<b>2</b>
<b>Fees and Compensation.....</b>	<b>2</b>
<b>Performance-Based Fees and Side-By-Side Management .....</b>	<b>4</b>
<b>Types of Clients .....</b>	<b>4</b>
<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>5</b>
<b>Disciplinary Information.....</b>	<b>10</b>
<b>Other Financial Industry Activities and Affiliations.....</b>	<b>10</b>
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>11</b>
<b>Brokerage Practices .....</b>	<b>12</b>
<b>Review of Accounts .....</b>	<b>13</b>
<b>Client Referrals and Other Compensation.....</b>	<b>13</b>
<b>Custody .....</b>	<b>13</b>
<b>Investment Discretion.....</b>	<b>14</b>
<b>Voting Client Securities.....</b>	<b>14</b>
<b>Financial Information.....</b>	<b>14</b>

## ADVISORY BUSINESS

Bernhard Capital Partners Management, LP (the “**Management Company**”), the registered investment adviser, is a Delaware limited partnership. The Management Company commenced business operations in March 2013. The Management Company has not yet begun investment activities; therefore, all descriptions of the Management Company’s investment advisory services to its clients describe the Management Company’s expected investment advisory services. Any affiliated general partner of the Management Company (the “**General Partner**”) and together with the Management Company and their affiliated entities, “**Bernhard Capital**”), will be registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which operates as a single advisory business together with the Management Company.

Bernhard Capital provides discretionary investment advisory services to its clients, which consist of private investment-related funds (each, a “**Fund**,” and collectively, the “**Funds**”). Certain of the Funds may be formed to make one particular investment (the “**Co-Invest Funds**”).

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds are expected to invest through negotiated transactions in operating companies. Bernhard Capital’s investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Bernhard Capital may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by Funds.

Bernhard Capital’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”), limited partnership agreements (each, a “**Limited Partnership Agreement**”) and together with the Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds or Bernhard Capital may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund’s Governing Documents, including provisions relating to the Management Fee (as defined below) and distributions.

As of the date hereof, Bernhard Capital managed \$0 in client assets on a discretionary basis. The Management Company is principally owned by J.M. Bernhard Jr.

## FEES AND COMPENSATION

The General Partner generally receives a management fee, a carried interest and with respect to certain Co-Invest Funds, an advisory fee in connection with its advisory services.

However, certain Co-Invest Funds may not pay a Management Fee or bear any carried interest. The General Partner or other Bernhard Capital entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation may offset in whole or in part the Management Fees (as defined below) otherwise payable to Bernhard Capital, as described in the Governing Documents. Investors in the Funds also bear certain fund expenses, as described below.

## **Management Fees**

During a Fund's commitment period, the Fund generally will pay the General Partner an annual management fee (the "**Management Fee**") equal to 2% of aggregate investor capital commitments. Payment of the Management Fee will be made quarterly in advance. Generally, investors participating in a closing after the effective date of a Fund bear the Management Fee from the effective date of such Fund, plus interest, as applicable. The Management Fee may be reduced upon the expiration of the investment period or earlier upon the occurrence of certain other events as described in the applicable Governing Documents. However, certain Co-Invest Funds may not pay a Management Fee.

The Management Fee generally will be reduced by a specified percentage of a Fund's share of any: (i) the directors' fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partner. The General Partner, the Management Company and their affiliates may receive from portfolio companies and other persons fees related to consulting, advising or similar services at market rates and such fees will not be included in the Management Fee offset described above. The General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment may be treated as a deemed capital contribution by the General Partner and its affiliates in respect of their commitments.

Generally, the Management Fee for a Fund will commence as of the date such Fund went effective based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

## **Carried Interest**

The General Partner generally will be entitled to a carried interest with respect to the relevant Fund equal to 20% of all realized profits (subject to a specified, annually compounded preferred return with a related General Partner catch-up provision), as more fully described in the Governing Documents. The carried interest distributed to the General Partner is subject to a potential giveback at the end of the life of a Fund if the General Partner has received excess cumulative distributions. However, certain Co-Invest Funds may not bear any carried interest.

## **Other Information**

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 the Governing Documents, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other employees of Bernhard Capital may receive a portion of the Management Fee, carried interest or other compensation received by the General Partner.

In addition to the Management Fee and carried interest payable to the General Partner, each Fund bears certain expenses. Each Fund generally will pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the structuring, organizing, acquiring, managing, monitoring, operating, holding, winding up, liquidating, dissolving and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including legal, auditing, consulting, financing, accounting, administration and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and any other Fund-related reporting or filing obligations (including the preparation and filing of Form PF); out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board and annual meetings of the limited partners and any other meeting with any limited partner(s); insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

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

As described under "Fees and Compensation," the General Partner generally receives a carried interest allocation on certain realized profits in the Funds. A carried interest allocation represents an investment adviser's compensation based on a percentage of net profits of the funds it manages. However, certain Co-Invest Funds may not bear any carried interest. Bernhard Capital does not believe this creates an actual conflict of interest because such Co-Invest Funds are generally single investment vehicles that do not compete for investments with the other Funds. See "Methods of Analysis, Investment Strategies and Risk of Loss," for further discussion of conflicts of interest.

#### **TYPES OF CLIENTS**

Bernhard Capital provides investment advice to Funds. Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act. The investors participating in Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Bernhard Capital and its affiliates.

The Funds generally have a minimum investment amount of \$10 million for third-party investors. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. The General Partner may waive such minimum investment amounts and qualification requirements.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

Bernhard Capital seeks to primarily invest in energy, infrastructure, exploration and/or production assets. Bernhard Capital’s primary focus is to combine energy, infrastructure, exploration and/or production assets with the upside of energy and infrastructure related services.

The following is a summary of the investment strategies and methods of analysis generally employed by Bernhard Capital on behalf of the Funds. *There can be no assurance that Bernhard Capital will achieve the investment objectives of the Funds and a loss of investment is possible.*

### **Investment and Operating Strategy**

Bernhard Capital intends to invest in existing and newly issued securities of energy, infrastructure, exploration and/or production assets.

Bernhard Capital may engage in the following:

- Investing in the energy sector such as:
  - Investing in the restructuring of energy companies
  - Investing in renewable energy companies
  - Investing in utility companies
  - Investing in infrastructure
  - Investing in exploration and production companies
  - Investing in nuclear plants and companies
- Investing in equity and equity related securities
- Investing in debt securities
- Investing in non-U.S. securities
- Investing in small capitalization companies
- Hedging equity, credit, currency, commodity price and/or interest rate exposure
- Investing in or with other partnerships and entities

### **Risks of Investment**

The Funds and their investors bear the risk of loss that Bernhard Capital’s investment strategy entails. Although the following risk factors are generally applicable to Bernhard Capital’s Funds, investors should also refer to a Fund’s Memorandum for risk factors specific to their Fund. The risks involved with Bernhard Capital’s investment strategy and an investment in the Funds include, but are not limited to:

*Business Risks.* Each Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Future and Past Performance.* The performance of Bernhard Capital's prior investments is not necessarily indicative of a Fund's future results. While Bernhard Capital intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Concentration of Investments.* The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual Management Fees during the commitment period based on the entire amount of their commitments.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund 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, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

*Leveraged Investments.* The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also 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 a Fund's 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 the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested with the General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of Bernhard Capital. The loss or reduction of service of one or more of the principals of Bernhard Capital could have an adverse effect on the Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

*Absence of Operating History.* The Funds have no operating history and will be entirely dependent on the General Partner. There can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of principals of Bernhard Capital. In addition, the Funds' investments may differ from previous investments made by the principals of Bernhard Capital in a number of respects.

*Projections.* Projected operating results of a company in which a Fund invests 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 a Fund will make follow-on investments or that the Fund 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. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Hedging Arrangements.* The General Partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

*Non-controlling Investments.* A Fund may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size, such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

*Director Liability.* A Fund may obtain the right to appoint one or more representatives 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 a Fund's representatives, and ultimately the Fund, 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.

*Market Conditions.* Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

## **Conflicts of Interest**

During the commitment period of a Fund, Bernhard Capital pursues all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions, as described in the applicable Governing Documents. However, Bernhard Capital may manage other investment funds and investments similar to those in which the Funds invest, and may direct certain relevant investment opportunities to those investment funds and investments. Bernhard Capital's investment staff will continue to manage and monitor such investment funds and investments. Bernhard Capital's significant investment in a Fund, as well as Bernhard Capital's interest in any Management Fee or carried interest with respect to such Fund, operate to align, to some extent, the interest of Bernhard Capital with the interest of the partners of such Fund, although Bernhard Capital may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that Bernhard Capital may control may compete with a Fund or companies acquired by such Fund. Following the commitment period of a Fund, Bernhard Capital may, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Bernhard Capital will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by

advisory affiliates of Bernhard Capital. In determining which investment vehicles should participate in such investment opportunities, Bernhard Capital and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Bernhard Capital attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Bernhard Capital's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. Where necessary, Bernhard Capital consults and receives consent to conflicts from an advisory board consisting of limited partners of the applicable Fund(s) and such other investment vehicles, if any.

Bernhard Capital may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners of a Fund and/or other persons. Co-Invest Funds may be established in order to invest along side one or more other Funds, and Bernhard Capital may have limited discretion to invest the assets of these Co-Invest Funds independent of the limitations set forth in the organizational documents of such Co-Invest Funds and associated Fund. Participation in co-investment opportunities or Co-Invest Funds may be limited, including as may be set forth in a Fund's organizational documents.

Because the General Partner's carried interest is based on a percentage of net realized profits of a Fund, it may create an incentive for Bernhard Capital to cause such Fund to make riskier or more speculative investments than would otherwise be the case. However, Bernhard Capital believes that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of Bernhard Capital with that of the Funds.

Since the General Partner is permitted to receive certain fees (as described under "Fees and Compensation") in connection with Fund investments, Bernhard Capital could have a conflict of interest in connection with approving transactions. Bernhard Capital manages such conflicts by offsetting the Management Fee by a specified percentage of such fees and by the General Partner's interest in the carried interest of a Fund.

#### **DISCIPLINARY INFORMATION**

Bernhard Capital and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under "Advisory Business" above, the Management Company is affiliated with the General Partner, which will be registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The General Partner operates as a single advisory business together with the Management Company and serves as general partner of the Funds and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

Bernhard Capital has adopted a Bernhard Capital Code of Ethics and Securities Trading Policy (the “**Code**”), which sets forth standards of conduct that are expected of Bernhard Capital principals and employees and addresses certain conflicts that may arise from personal securities trading. The Code requires Bernhard Capital personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to the Bernhard Capital Chief Compliance Officer at (225) 228-2502. Personal securities transactions by Bernhard Capital personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Bernhard Capital and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Bernhard Capital and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Bernhard Capital. Accordingly, should Bernhard Capital or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Bernhard Capital would be prohibited from communicating such information to clients, and Bernhard Capital will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Bernhard Capital personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Bernhard Capital and its affiliates may directly or indirectly own an interest in the Funds or certain Co-Invest Funds. To the extent that Co-Invest Funds exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

The Funds may invest together with other Funds advised by an affiliated adviser of Bernhard Capital in the manner set forth in the Governing Documents. Bernhard Capital will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and the Bernhard Capital investment allocation policy.

Bernhard Capital and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles that may differ from

advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

### **BROKERAGE PRACTICES**

Bernhard Capital focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Bernhard Capital may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Bernhard Capital does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Bernhard Capital sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Bernhard Capital. In such event, Bernhard Capital will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Bernhard Capital may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

Bernhard Capital has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Bernhard Capital generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Bernhard Capital seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Bernhard Capital generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of Bernhard Capital’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Bernhard Capital, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Bernhard Capital allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

Bernhard Capital does not anticipate engaging in significant public securities transactions; however, to the extent that Bernhard Capital engages in any such transactions,

orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Bernhard Capital may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Bernhard Capital may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

### **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Bernhard Capital closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

Bernhard Capital will generally provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner’s U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed in the “Fees and Compensation” section, Bernhard Capital may receive certain fees from a Fund’s portfolio companies. As described in the applicable Fund’s Governing Documents, this compensation may, in certain circumstances, offset all or a portion of the Management Fees paid by the Fund. However, in other circumstances, these fees would be in addition to Management Fees.

Bernhard Capital has not entered into, and does not currently intend to enter into, any solicitation arrangements pursuant to which it would compensate third parties for referrals that result in a potential investor becoming a limited partner in a Fund.

### **CUSTODY**

As required by the Advisers Act, Bernhard Capital has established an account with one or more qualified custodians to hold funds and securities on behalf of the Funds. In addition, the Funds are audited by an independent public accountant annually and such audited financial

statements are distributed to investors in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended.

### **INVESTMENT DISCRETION**

Bernhard Capital has discretionary authority to manage investments on behalf of the Funds. As a general policy, Bernhard Capital does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Bernhard Capital may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other agreed-upon reasons. Bernhard Capital assumes this discretionary authority pursuant to the terms of the Governing Documents.

### **VOTING CLIENT SECURITIES**

Bernhard Capital has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Bernhard Capital votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Bernhard Capital generally believes its interests are aligned with those of a Fund's investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Bernhard Capital may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve Bernhard Capital's vote in a particular solicitation. Bernhard Capital does not consider service on portfolio company boards by Bernhard Capital personnel or Bernhard Capital's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Bernhard Capital when voting proxies on behalf of a Fund. If a client or prospective client would like a copy of Bernhard Capital's complete Proxy Policy or information regarding how Bernhard Capital voted proxies for particular portfolio companies, they should contact the Bernhard Capital Chief Compliance Officer at (225) 228-2502, and it will be provided at no charge.

### **FINANCIAL INFORMATION**

Bernhard Capital does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.