

Item 1 - Cover Page

A.

Illinois Private Equity Fund-of-Funds, G.P., LLC
180 N. Stetson Ave.
Suite 1320
Chicago, IL 60601

Chief Compliance Officer: Shannon Warland

e-mail: shannon.warland@m2am.com

www.m2am.com

March 31, 2014

B. This Brochure provides information about the qualifications and business practices of Illinois Private Equity Fund-of-Funds G.P., LLC. If you have any questions about the contents of this Brochure, please contact us at 312.782.7771. 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.

Additional information about Illinois Private Equity Fund-of-Funds G.P., LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

C. Our registration with the SEC does not imply a certain level of skill or training.

Item 2 –Material Changes

Since the last amendment of our Form ADV on March 31, 2013, there have been no material changes to our Form ADV.

When there are changes to our policies or practices, or to disclosure relating to conflicts of interests since the last annual update of the Brochure, this summary of Material Changes will be provided to you along with an updated Brochure.

Part 2A of Form ADV: Firm Brochure

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Item 4 – Advisory Business

A. Description of Advisory Firm

Illinois Private Equity Fund-of-Funds G.P., LLC (ILPEFF GP) was formed October 18, 2004 to serve as the General Partner of Illinois Private Equity Fund-of-Funds, L.P. (ILPEFF LP). ILPEFF LP has made investments in venture capital and private equity limited partnerships.

As of March 31, 2014, we are located in Chicago, Illinois and have no employees. Our executive officers are employed by, or have a similar relationship with, our managing member, Muller & Monroe Asset Management, LLC (M²). André Rice, Irwin Loud, both partners of M², and Alfred Sharp and Marcia Markowitz, both Investment Team Principals at M², each serve as our “principals” and investment advisor representatives. Shannon Warland is the Chief Administrative Officer and Chief Compliance Officer at M² and also serves as our Chief Compliance Officer.

ILPEFF GP acts as the general partner for ILPEFF LP. Muller & Monroe Asset Management, LLC (M²) serves as the managing member of ILPEFF GP. ILPEFF GP holds a 1% ownership interest in, and has made a \$1,430,000 capital commitment to, ILPEFF LP.

Ownership of ILPEFF GP

The chart below summarizes the ownership of Illinois Private Equity Fund-of-Funds G.P., LLC:

Owner Name	Ownership Percentage
Muller & Monroe Asset Management, LLC	90%
Shannon Warland (profits interest only)	10%

B. Advisory Services Offered

We act as the general partner to ILPEFF LP. M², our managing member, provides advisory services to our client, ILPEFF LP, pursuant to a management agreement. Additional information about M² is available on the SEC’s website at www.advisorinfo.sec.gov. ILPEFF LP is no longer making investments. As such, M² now limits its advisory services to monitoring those investments throughout the terms of the underlying investee funds that sometimes extend beyond a decade.

Investment oversight for each investment consists of:

- 1) Participation on Limited Partnership Advisory Committee (LPAC)
- 2) Monthly calls to discuss investment updates
- 3) Analysis of investment performance
- 4) Attendance at investment annual meeting
- 5) Back office administration of investment

Limitation on Types of Investments

As stated above, no new investments are being considered for ILPEFF LP. During the investment period, M², which provided investment management for our sole client, ILPEFF LP, focused exclusively with emerging and specialized private equity managers. M² generally defined emerging managers as those managers that:

- 1) Have less than \$1 billion in assets under management
- 2) Manage private equity funds with a size ranging from approximately \$75 million to \$350 million
- 3) Are investing under a new platform, but are not new to investing, or
- 4) Are not well known in the institutional market place (i.e. not a “brand name” fund)

For instance, two individuals who leave a larger private equity firm to form their own firm would be an example of experienced investors with a new platform. Banking, insurance, and royalty income are examples of investment areas of focus for specialty private equity managers.

C. Tailoring of Advisory Services to Advisory Clients

M² provides the advisory services to our only client, ILPEFF LP. Therefore, the services provided are tailored to the needs of the limited partner investors in ILPEFF LP. Most of the details of the advisory services to be provided by M² for ILPEFF LP are clearly stated in our management agreement with M². Certain advisory services, which are more in the nature of back office administration, are clarified as the relationship with each limited partner investor in ILPEFF LP develops.

A component of M²'s advisory services is to respond to requests for information by the limited partners of the client, which includes requests by the limited partners' consultants. M² routinely respond to limited partner requests to provide information in a specific format or to complete a form or provide a report specific to a limited partner. Examples

of this would be to provide cash flows in a specific format to a consultant or to complete a compliance form for a specific limited partner of a ILPEFF LP.

Our experience is that the nature of client limited partner service requests changes over the life span of the client fund-of-funds. The limited partners of the ILPEFF LP may change consultants, and the new consultant may, subject to the terms of confidentiality agreements, request new information or old information in a new format. A change in the investment climate may trigger a request. Examples of such changes are the collapse of the real estate market, the Bernard Madoff scandal, changes in pay-to-play regulations, and international human rights issues. When limited partners of ILPEFF update their internal investment policies to respond to the external investment environment, they often make new requests of M² as advisor to ILPEFF LP.

Client restrictions on types of investments

Our client, ILPEFF LP, imposed a number of restrictions on investing in private equity funds that invest in certain securities or types of securities. As provided for in the limited partnership agreement of ILPEFF LP, investments were chosen by M2 for our client as follows:

- 1) 14 investments
- 2) Investee fund commitments ranging from \$5-\$12.5 million
- 3) 46.8% of investments in the Mid-west, which was defined as Illinois, the contiguous states, and Michigan
- 4) 53.2% of investments in minority and women managed firms nationwide.

D. We do not participate in a wrap fee program.

E. All client assets are managed on a discretionary basis by M², our managing member. As of December 31, 2013, M² managed \$108,150,000 of client assets for ILPEFF LP.

Item 5 – Fees and Compensation

A. Compensation for Advisory Services

Fees and compensation for our client were negotiated and are specified in the ILPEFF LP limited partnership agreement. The fees and compensation include asset based advisory fees as well as a share of the profits based on performance.

B. Billing of Asset-based and Flat Fees

M² generally bills (issues an invoice to) our client, ILPEFF LP, for its asset-based advisory fees. They may deduct fees from client assets prior to billing, but within the billing period. M² would do this: 1) in the event the ILPEFF LP has excess cash on hand, and 2) in order to draw fees without causing ILPEFF LP to issue a separate capital call to its limited partner investors. The bill for the fees would then be included as part of (netted against) the next distribution notice for ILPEFF LP. Here is an example of how this would work:

- 1) ILPEFF LP has received a distribution on March 30th from an underlying portfolio fund
- 2) On April 1st, M² deducts its management fee from ILPEFF LP assets and issues an invoice
- 3) On April 5th, the ILPEFF LP issues a distribution notice to its limited partner investors which nets the fees for April 1st against the underlying distribution from March 30th

M² tries to bundle calls for capital from or distribution notices to our ILPEFF LP's limited partners whenever possible. As advisor to our client, ILPEFF LP, M² uses its discretion in determining whether to bill ILPEFF LP for fees or deduct fees (as described in paragraph 5.D.) from ILPEFF LP assets.

Billing of Performance-based Fees

We will receive any performance-based fees we earn by means of a distribution from our ILPEFF LP.

C. In addition to advisory fees to M², our client, ILPEFF LP, pays or has paid other fees and expenses as agreed upon in the limited partnership agreement. Examples of these expenses are as follows:

- 1) Investment due diligence costs – legal, travel, and background check fees incurred for the purpose of evaluating investments for ILPEFF LP. These include costs incurred for due diligence on investments that were ultimately made as well as those that were abandoned in due diligence. If an investment is considered for more than one client of M², the related due diligence costs are shared pro-rata by those clients.
- 2) Auditing and accounting expenses – annual audit fee and tax return preparation fees for the client limited partnership.
- 3) Custodial fees – annual charges for custodial services for the client limited partnership, paid to our third party custodian.
- 4) Organizational costs – legal fees to put together the client’s offering documents and limited partnership agreement, negotiation of side letters for the admission of additional limited partners subsequent to the initial closing, travel related to the formation of the client limited partnership (typically travel to/from a limited partner’s place of business).
- 5) Legal fees – ongoing legal expenses related specifically to the client limited partnership. An example of such an expense would be an amendment to the current limited partnership agreement.

ILPEFF LP may incur brokerage and other transaction costs. Please see Item 12 of this brochure.

D. ILPEFF LP must pay asset-based advisory fees to M² quarterly in advance. M² bills for fees on January 1, April 1, July 1, and October 1 of each year that advisory services are provided. ILPEFF LP pays these fees by issuing a call for capital to us, their general partner, and their limited partner investors. The date ILPEFF LP actually pays the fees is determined by the capital call due date which is on or shortly after the billing date.

If we cease to act as the general partner to ILPEFF LP, M² will refund any unearned portion of fees paid in advance by the client. The amount of refund will be determined by multiplying the fee paid for the quarter by the fraction of the quarter remaining (days in quarter post termination of advisory contract/the number of days in the quarter).

- E. ILPEFF GP does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of securities or other investment products.

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

Clients with Performance-Based Fees

Our client, ILPEFF LP, may pay fees based on a share of capital appreciation of its assets. ILPEFF LP makes distributions to us and limited partners as funds are distributed from its underlying investments. The order in which ILPEFF LP will make distributions (to the extent available), known as the distribution “waterfall”, is as follows:

- Return of funded commitments for investments, expenses, and management fees
- Preferred return of 8% on funded commitments
- Catch up for us of an amount such that our preferred return equals 5% of the sum of the previously distributed preferred return plus the catch-up
- Split of remaining distributions between us (5%) and limited partners of ILPEFF LP (95%)

In general, we receive performance-based fees if all capital has been returned to all investors of ILPEFF LP and a “preferred return” is paid to the limited partners. If ILPEFF LP distributes to us amounts in excess of our capital invested, then portions of the distributions to us will be considered “capital appreciation on assets”.

Conflicts of Interest: Flat Fee vs. Asset-Based Fee vs. Performance-Based Fee Clients

We do not believe there are any conflicts at the firm level in the management of our client’s account. We have only one client which pays both (i) an asset-based fee to M² and (ii) a performance based fee to us. Therefore, the incentive to favor performance based fee accounts over flat fee or asset-based fee accounts does not exist.

Item 7 – Types of Clients

Types of Clients

Our client, ILPEFF LP, is a limited partnership that made investments in underlying venture capital and private equity funds. The client invested in other private equity and venture capital partnerships selected by M² as appropriate for ILPEFF LP based upon the investment criteria outlined in ILPEFF LP's limited partnership agreement. We act as the general partner to our client.

Account Requirements

We are no longer accepting investors, but did have several general requirements to establish a client fund:

First, we required minimum commitments of \$75 million to establish a client fund,

Second, we required a minimum commitment of \$3,000,000 by a limited partner investor or other qualified institutional investor in our client fund,

Third, we required the limited partner investors in a client fund to be either a public or corporate pension fund, and

Fourth, we required that any individual who invested in the client fund through our general partner entity be:

- a) Either an executive officer, director, general partner or person serving in similar role at M², or
- b) An employee of M² who, in connection with his or her regular duties, participates in M² investment activities.

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

A. Methods of Analysis

Our client is fully invested. As mentioned above, selection of investments was made by our affiliate, M². M² used a standard due diligence process as the foundation of their analysis of investment opportunities. Their due diligence process always included the following steps:

- 1) Multiple meetings and interviews with key people at the prospective fund investment
- 2) Off-line reference checks of key people at the prospective fund investment
- 3) Analysis of historical financial return performance of those charged with management of the prospective fund and underlying companies
- 4) Interviews with people relevant to the fund such as managers of limited liability companies and/or the boards of directors and principal officers of private companies. These meetings may be telephonic or in person.
- 5) Background and reference checks of key individuals at prospective investment fund
- 6) Thorough evaluation and negotiation of the structure of the investment entity
- 7) Additional due diligence as needed at the recommendation of the investment team

In selecting investments for our client, M² did extensive formal due diligence including an assessment of the following:

- 1) **People:** High integrity, hardworking investors with experience and skill sets matching the firms' strategy, as well as harmonious team dynamics.
- 2) **Strategy:** Strategies with well-formulated, attractive value propositions which are sustainable and benefit from the teams' advantageous sourcing.
- 3) **Execution:** Sound organizational structure and institutional level decision making processes employed by the general partner, which includes back office controls and disciplined investment processes.
- 4) **Alignment of Interests:** Interests between our fund, the general partner, and portfolio companies must be aligned to assure appropriate incentives are in place to create value in the funds' investments.

M²'s investment strategies involved investing with emerging and specialty private equity managers under a very broad definition of emerging managers. They included the following investments in their target market for our client:

- 1) spin-outs (i.e. organizations formed from teams that leave established investment organizations, and which will pursue similar strategies pursued by the original organization)
- 2) industry or regionally focused funds
- 3) specialty funds
- 4) funds created by low-profile private investors
- 5) funds partnering with successful family operating businesses
- 6) funds managed by minorities and women
- 7) first time funds.

M² did not invest client assets with inexperienced investment managers, but did invest with first time fund organizations (i.e., experienced investment professionals/teams continuing a successful investment strategy in a new organization).

The construction of our client's portfolio of investments was dependent upon the size of our client (\$143 million) and investment parameters negotiated as part of the client's limited partnership agreement. M² made 14 investments on behalf our client with a range of \$5-\$12.5 million per commitment.

M² made investment decisions in constructing our client's portfolio with a goal of exceeding a private equity benchmark consisting of either:

1. industry benchmarks (i.e., vintage year analysis)
2. Standard & Poor's 500 Composite Index plus 500 basis points, or
3. some other similar benchmark negotiated between us and the limited partners of the Client Fund.

Performance for our client will be evaluated at the end of the life of the limited partnership and measured relative to the benchmark evaluated over the life of the partnership. The benchmark may be modified to meet our client needs.

IMPORTANT NOTE:

Investing in securities involves risk of loss that you should be prepared to bear. You should be aware that an investment in a private equity fund-of-funds involves a high degree of risk. There can be no assurance that the fund-of-fund's investment objective will be achieved or that a limited partner will receive a return of its capital.

B. Material Risks of Investment Strategy

There are a number of material risks associated with our investment strategy of which the client should be aware:

1. **No assurance that the investment strategy one of our fund-of-funds will be successful.** We have created, based on the prior experience of our firm members, a series of guidelines and an investment process for use in:

- a) evaluating a prospective investment in another private equity fund,
and
- b) deciding how large an investment to make.

Nevertheless, we should point out the following:

- a) It is difficult to identify attractive investment opportunities with a high degree of certainty.
- b) There is no expectation that all investments will be profitable or that any profitable investment will produce significant returns.
- c) Market factors that contributed to positive private equity market performance in the past may cease exist or to have the same impact in the future.

For these reasons, there can be no assurance that our investment strategy will be successful or that our clients will avoid loss.

2. **Highly competitive market for investment opportunities.** The market to invest in emerging private equity funds is highly competitive for a number of reasons:

- a) Our fund-of-fund clients will compete with other active purchasers in identifying and closing on attractive private equity investments.
- b) A client may encounter private investment companies that are not open to new investors or that choose, for whatever reason, not to accept the fund-of fund's subscription.
- c) There is no certainty that we will be able to locate and complete investments that satisfy our client's rate of return objectives.
- d) There is no certainty that a client will be able to realize the values of investments it has made.
- e) There is no certainty that a client will be able to invest fully its committed capital.

For these reasons, there can be no assurance that we will be able to fully invest client commitments which is part of a successful investment strategy.

- 3. Non-controlling investments.** A client is not likely to obtain a controlling interest in a private equity fund investment. If a client is dissatisfied with the performance or management of the investment, the client may have no choice but to remain an investor until the investment terminates. Although we will monitor the performance of each investment, we may have limited opportunity to affect the operations, and therefore the profitability, of a fund in which the client invests.
- 4. Illiquid, long-term investments.** A client's investments may periodically generate some current income. However, the client should view this as an illiquid, long-term investment and expect the following:

 - a) Any return of capital and realization of gains from an investment typically will occur only upon the partial or complete disposition of the investment, an event that is not expected to occur for a number of years after the investment is made.
 - b) There is likely to be no public market for the investments held by the client and a client generally will not be able to sell its investments unless such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available.
 - c) In some cases a client may be prohibited by contract from selling its investment holdings for a period of time.
- 5. Leverage.** Our client's investments are expected to include interests in private equity funds whose managers will pursue a high leverage strategy over diverse economic periods through investments in companies whose capital structures may incorporate significant leverage. We will look for prudence in the use of leverage. However, the leveraged capital structure of such investments will magnify the exposure to adverse economic factors such as rising interest rates and downturns in the economy. Unless provided for in the limited partnership agreement, our clients do not undertake any leverage in support of the purchase of investments.
- 6. Limited diversification.** We intend for each client to participate in a limited number of investments---perhaps as few as ten. Therefore, the aggregate return of the client may be substantially and adversely affected by the unfavorable performance of even a single investment.
- 7. Non-U.S. investments.** We are unlikely to invest in private equity funds domiciled outside of the United States although a client private equity fund investment may invest in portfolio companies domiciled outside of the United States. If we do make non-U.S. investments, they will likely be a small portion of a client portfolio. Foreign securities involve certain risks not typically associated with investing in U.S. securities. These risks include:

 - a. currency exchange matters and costs associated with conversion of investment principal and income from one currency into another

- b. differences between the U.S. and foreign securities markets, including:
 - i) potential price volatility in and relative illiquidity of some foreign securities markets, and ii) the absence of uniform accounting and financial reporting standards and disclosure requirements
- c. certain economic and political risks, including: i) potential restrictions on foreign investment, and ii) repatriation of capital and the risks of political, economic, or social instability
- d. possible imposition of foreign taxes on income and gains recognized with respect to such securities.

8. Control by Investments. A fund investment (alone, or together with other fund investments) may be deemed to have a controlling position with respect to some of the portfolio companies in which it invests. This could expose the fund to liabilities not normally associated with minority equity investments. Examples of such additional risks are liability for:

- environmental damage
- product defects
- failure to supervise management
- violation of governmental regulations
- other types of liability in which the general limited liability characteristics of business operations may be ignored.

C. Material Risk of Investing in Private Equity Emerging Managers

Please see the risks discussed in 8.B.

Item 9 – Disciplinary Information

Except as set forth below, neither M² nor any employee of M² has been named in a legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

On March 13, 2009, iHealthCare, Inc., a debtor in a Chapter 11 bankruptcy case and the former owner of the equity interests of Heartland Memorial Hospital, LLC, a healthcare system located in Indiana ("Heartland Hospital"), commenced an action in the United States Bankruptcy Court for the Northern District of Indiana against certain individuals and Alfred Sharp, who had been involved in the acquisition and subsequent management of Heartland Hospital by Wright Capital Partners, alleging breaches of fiduciary duty and self-dealing in connection with the management of Heartland Hospital. Mr. Sharp was the interim Chief Financial Officer and later Chief Financial Officer at Heartland Hospital from 2005 through 2007. Additionally, the IRS sought to assess a penalty against former Heartland Hospital directors and officers, including Mr. Sharp, with respect to unpaid employee payroll taxes by Heartland Hospital. These parties to the Heartland Hospital litigation, Mr. Sharp, as well as the IRS have entered into a settlement agreement and release with respect to the claims in the Heartland Hospital litigation and the related IRS assessments.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Our firm is not registered, nor do we have an application pending to register, as a broker-dealer.
- B. Not applicable.
- C. Except as noted in C.2., our firm does not have a relationship with any related person in the categories below:
- 1) Broker-dealer, municipal securities dealer, or government securities dealer or broker
 - 2) Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund”, or offshore fund) – we have a 1% ownership and serve as the general partner for ILPEFF LP.
 - 3) Other investment advisor or financial planner
 - 4) Futures commission merchant, commodity pool operator, or commodity trading advisor
 - 5) Banking or thrift institution
 - 6) Accountant or accounting firm
 - 7) Lawyer or law firm
 - 8) Insurance company or agency
 - 9) Pension consultant
 - 10) Real estate broker or dealer
 - 11) Sponsor or syndicator of limited partnerships.
- D. Except for selecting M² as advisor to our client, ILPEFF LP, we do not recommend or select investment advisors for our client. We receive no compensation from M², either directly or indirectly.

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

A. Code of Ethics

We have adopted a Code of Ethics which also applies to M² and all supervised employees of M² as required by Rule 204A-1 of the Investment Advisors Act. The Code establishes procedures designed: 1) to prevent members of our firm from breaching our fiduciary duty to clients, and 2) to address other situations that involve potential conflicts of interest.

Highlights of our Code of Ethics include:

- Trading prohibitions for personal accounts, including reference to our separate Insider Trading Policy
- Gift policy (gifts given and received)
- Outside service policy
- Rules for reporting trading by partners/employees
- Confidentiality of all M² transactions
- Reporting Code violations by others

Our Code of Ethics and Insider Trading Policies make clear to M² employees that:

- they have a fiduciary responsibility to clients first, both as a firm and as individuals; and
- what is meant by material non-public information and the potential consequences of trading on or disseminating such information.

We will provide a copy of our Code of Ethics to any client limited partner investor upon request.

B-C-D See conflicts below:

M², our managing member, invests in clients using a limited partnership structure, under which it has a general partner (such as us---ILPEFF GP) in the client (i.e., limited partnership). In this structure M² may have a material financial interest in the client. However, M² would never have an investment interest in a security investment separate from the partnership investment.

Premature Disposition of a Client Investment

Our client (ILPEFF LP) has agreed to permit us, its general partner, to be paid a portion of the net proceeds of the disposition of any investment because of our investment alongside the limited partners in such investment. We may have an incentive to dispose of a client investment prematurely, at a time when 1) some gain is certain, and therefore 2) some payment to us as general partner is certain. The alternative would be to wait for further development and success of the investment, when the possibility of profit is jeopardized.

We are bound by fiduciary obligations to our client to:

- a. maximize their opportunity for profit
- b. minimize their risk of loss, and
- c. elevate those considerations above their own financial interests as they perceive them.

Our client has invested in underlying partnerships where the general partners of such underlying funds determine when investments in portfolio companies are disposed of without explicit control or influence by us with respect to such disposition. In those cases where we control the disposition of investments, we believe that the structure of our client relationship is designed with an alignment of interests that encourages us to make decisions that are in the best interests of our client. Our own money is at risk because we invest alongside our limited partner investors. Further, as explained in Item 6, our limited partner investors receive distribution payments ahead of us.

Conflicts among Limited Partners in Client Fund

Limited partners that invest in our client may have conflicting investment, tax, and other interests with respect to their investment in such clients. The conflicting interests of individual Limited Partners may relate to or arise from, among other things:

- a. the nature of investments made by such client;
- b. the structuring or the acquisition of investments; or
- c. the timing of disposition of investments.

As a consequence, conflicts of interest may arise in connection with decisions made by us, including with respect to the nature or structuring of investments that may be more beneficial for one Limited Partner than for another Limited Partner, especially with

respect to limited partners' individual tax situations. In selecting and structuring investments appropriate for the client funds, and in consultation with tax professionals, we will consider the investment and tax objectives of each client as a whole and not the investment, tax, or other objectives of any limited partner.

Other Activities and Conflicts M² Might Have

In addition to ILPEFF LP, M² has formed and manages multiple client funds. The investment activities of the client funds (including separate accounts) managed by M² may produce conflicts with each other. These conflicts could include:

- a. conflicts relative to the allocation of investment opportunities (as previously discussed)
- b. conflicts resulting from differences in the time, amount and terms of an investment by one client fund and another client fund or separate account in the same investment
- c. conflicts resulting from different objectives with respect to one client fund's private equity fund investment and another fund's or separate account's co-investment in a portfolio company in which the private equity fund may have or be making an investment.

These types of conflicts could influence us with respect to the making or disposition of our client's fund investment's holdings.

Service on Limited Partner Advisory Committees

With one exception, M² sits on each of our client's underlying portfolio fund's limited partner advisory committees. Although the duties of a limited partner advisory committee vary depending upon the specific terms of the various portfolio funds' limited partnership agreements, the limited partner advisory committees frequently approve either the general partner's valuation of the fund's portfolio companies or approve the portfolio fund's valuation methodology. In almost all cases, the portfolio funds are required under generally accepted accounting principles to value their investments at fair market value. In those cases where the limited partner advisory committee has the right to approve a portfolio fund's valuation, the limited partner advisory committee could potentially influence the valuation of an underlying portfolio fund. As this is the case, the Adviser's representation on these advisory committees may result in a conflict of interest as it could tempt M² to approve a valuation resulting in a higher valuation for the portfolio fund's investment and thus a higher valuation for our fund's investment in that portfolio fund.

Item 12 – Brokerage Practices

A. Factors for Selecting/Recommending Broker-Dealers for Client Transactions

We are subject to investment limitations outlined in the Limited Partnership Agreement of our client. Since we make private equity and venture capital investments for our client, we do not expect to use broker dealers for purchases of securities; however, we may select and use broker-dealers to execute transactions for our client's portfolio if necessary to liquidate public securities held in the portfolio. Such transactions would typically consist of portfolio securities in companies: 1) that went public during the life of the client and 2) in which the client's portfolio received distributed public securities instead of cash. In such situations, we will typically convert the securities to cash as soon as practicable and distribute the proceeds to investors in the client. We will seek to obtain best execution in the event we have this type of transaction in the future. We do not receive research or other products or services in connection with these transactions.

B. We have only one client and therefore will not face the situation of aggregating the purchase or sale of securities for more than one client account.

Item 13 – Review of Accounts

A. Review of Client Accounts

We perform different review steps of client accounts on a weekly, monthly, quarterly, and periodic basis. The investment team performs reviews of accounts pursuant to the process outlined in this section ("Active Oversight Process").

Weekly - The investment team has weekly investment meetings that address all aspects of the investment process including the following:

- 1) administrative issues
- 2) Investee Fund (private equity or venture capital funds we have invested in) actions (e.g., annual meetings, period update calls, periodic reporting (quarterly and annually))
- 3) Advisory Committee (limited partner committees at Investee Funds) duties (e.g., conflicts of interest, valuations, special governance approvals, etc. as mandated in Investee Fund partnership agreements)
- 4) prospective investments currently being negotiated
- 5) prospective investments in the active due diligence stage
- 6) prospective investments in the screening and preliminary due diligence stages

Monthly - The investment team conducts monthly calls with private equity funds in which we have invested on behalf of our clients during their investment period and, unless the fund is underperforming, in most cases on a quarterly basis thereafter. The purpose of these calls is to ensure that the status of each fund investment is adequately evaluated and monitored. We inquire about each individual portfolio company at each private equity fund in which one of our clients has an investment, as well as about deal flow, overall pricing and other market dynamics the fund is encountering. These conversations are then shared with the rest of the investment team at the weekly investment meeting, as necessary.

Quarterly - The investment team holds a portfolio review meeting on a quarterly basis. The lead investment officer for each private equity fund investment in the client portfolio reports on the investment and makes recommendations for actions to be taken, if any.

Periodic – Annual Meetings of private equity fund investments of each client are attended by the lead investment officer for that investment or by another member of the investment team. In addition, a member of the investment team attempts to meet annually with a key member of each client fund investment on an informal basis. This is

an opportunity for us to have a one-on-one, in person conversation with a key investment professional in addition to the conversations we have at the more public annual meeting.

Supervised Review Persons

Our investment team is made up of (i) Irwin Loud, Chief Investment Officer, (ii) Marcia Markowitz, Principal, (iii) Alfred Sharp, Principal, (iv) Rendel Solomon, Vice President, and (v) Jessica Anderson, Deal Flow Manager. Darius Grandberry, Controller, and Shannon Warland, Chief Administrative Officer, also assist the investment team. The team collaboratively participates in our Active Oversight Process, which includes our review of client accounts. All of the members of the investment team contribute to the periodic review of client accounts. Mr. Rice provides overall supervision of our entire investment team.

B. Client accounts would be reviewed on an exceptional basis if an extenuating circumstance were to occur such as:

- 1) A client investment is put on a “watch” list, for reasons described below
- 2) A limited partner investor of a client requests a special analysis of the client fund

Under the above circumstances, the investment team makes the determination that an alternative analysis and monitoring scenario is appropriate.

We place an investment on a watch list for a number of reasons, which may include:

- 1) Organization issues (key man event, high turnover)
- 2) Performance issues
- 3) Slow deployment of capital

C. We provide each client with a year-end audit report prepared by our external auditors, McGladrey & Pullen, LLP. We prepare for our clients on a quarterly basis a written report which includes the following:

- 1) Letter to Limited Partners
- 2) Financial Statements (Q1-3 unaudited; Q4 audited)
- 3) Portfolio Summaries
- 4) Partners’ Capital Allocations
- 5) Investee Fund Profiles

Item 14 – Client Referrals and Compensation

- A. No one who is not a client provides to us any economic benefit for providing investment advice or other advisory services to our clients.
- B. We do not have arrangements for client referrals.

Item 15 – Custody

We do have custody of client funds and securities. A qualified custodian provides monthly on-line statements to M² as the manager via access to the custodian's website. We carefully review statements received from the qualified custodian by comparing the account statements prepared by M² with those prepared by the qualified custodian.

We provide annual audit reports and quarterly reports to the limited partner investors in our client.

Item 16 – Investment Discretion

We do accept discretionary authority to manage securities accounts on behalf of our client. Certain investment limitations were placed upon us by our client in ILPEFF LP's limited partnership agreement. For example, we are subject to concentration limitations, limitations on the types of industries in which our investee funds may invest, and also geographic limitations. M² executed a management agreement to manage the securities account on behalf of our client in accordance with the ILPEFF LP's limited partnership agreement.

Item 17 – Voting Client Securities

Our client holds limited partnership interests of investee funds. Holders of these interests generally form an advisory committee, of which M² is usually a member. Voting situations may occur when: 1) all limited partners or 2) the advisory committee only, is required to vote on specific issues covered by the limited partnership agreement.

In the event we are required to vote client securities, the issue to be voted on is discussed at M²'s weekly investment team meeting. The outcome of this discussion---our voting position---is documented in the investment files. Under the Limited Partnership Agreement of ILPEFF LP, M² has full discretion and authority to vote on these matters on behalf of ILPEFF LP.

M² has a conflicts of interest policy that is designed to address the rare circumstances in which a potential conflict may arise. In some cases, client investments will require a vote approving the valuation of underlying securities. In others, client investments require the advisory committee to approve valuation methodologies or the committee has the right to object to the valuations of the underlying investment managers. M², in voting on behalf of clients, is only one of several advisory board members making the determination. While there is the remote possibility that M² could influence such valuation with votes in our own best interest, we believe that the risk of such a conflict is extremely rare or non-existent. In most cases, the advisory committee acts in concert on behalf of client interests and is rarely influenced by the personal interests of the managers of the clients, such as M². Further, as a general partner in each client, M² has interests that are fully aligned with the limited partners because, by the compensation structure, they should all benefit from a successful investment.

Clients authorize us to vote all proxies solicited by or with respect to the issuers of securities in which assets of the client's account may be invested from time to time. We have adopted "Proxy Voting Policies" pursuant to Rule 206(4)-6 under the Investment Advisers Act, a copy of which is available to clients upon request. We will vote any proxy or other beneficial interest in an equity security prudently and solely in the best long-term economic interest of advisory clients and their beneficiaries, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. Clients may obtain a record of our proxy votes free of charge by writing to us at the address provided at Item 1.

Item 18 – Financial Information

- A. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. We have discretionary authority and custody of client funds.
- C. We have not been the subject of a bankruptcy petition at any time during the life of our firm.