

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

**CIVC PARTNERS, L.P.**

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**March 28, 2014**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of CIVC Partners, L.P. (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (312) 873-7300. 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 is the Management Company's most recent Form ADV Part 2A as filed on March 28, 2014. This Brochure has been updated for the following:

- CIVC Advisors Fund - WTFC, a co-invest vehicle managed by CIVC GP, LLC, an affiliate of the Management Company, has been dissolved and all references herein to it and its general partner, CIVC GP, LLC have been removed; and
- CIVC FGIC Fund, L.P. has been dissolved and all references herein to it and its general partner, CIVC GP FGIC Fund, L.P., have been removed.

All other changes to this Brochure are not material and are solely clarifying or updating changes.

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## ADVISORY BUSINESS

CIVC Partners, L.P. (the “**Management Company**”), the registered investment adviser, is a Delaware limited partnership. The Management Company and its affiliated investment advisers provide discretionary investment advisory services to their clients, which consist of private investment-related funds. The Management Company commenced operations in May 2002.

The following are the registered investment advisers affiliated with the Management Company:

- CIVC GP Sidecar Fund, L.P. (general partner of Sidecar)
- CIVC Partners, LLC (general partner of Fund II)
- CIVC GP III, L.P. (general partner of Fund III)
- CIVC GP IIIA, L.P. (general partner of Fund IIIA and GWC Fund)
- CIVC GP IV, L.P. (general partner of Fund IV) (each, a “**General Partner**” and together with the Management Company and their affiliated entities “**CIVC**”)

The General Partners listed above each serve as general partner to one or more Funds (described below) or other pooled investment vehicles and have the authority to make investment decisions on behalf of such Funds or such pooled investment vehicles. Each General Partner is deemed registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. The Management Company and the General Partners operate as a single investment advisory firm and are all under common control.

The Management Company’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which the Management Company or its affiliates provide investment advisory services, “**Funds**”):

CIVC Sidecar Fund, L.P.	“ <b>Sidecar</b> ”
CIVC Partners Fund, L.P.	“ <b>Fund II</b> ”
CIVC Partners Fund III, L.P.	“ <b>Fund III</b> ”
CIVC Partners Fund IIIA, L.P.	“ <b>Fund IIIA</b> ”
GWC Co-Investment Partners, L.P.	“ <b>GWC Fund</b> ”

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CIVC Partners Fund IV, L.P.

CIVC Partners Fund IV-A, L.P.

**“Fund IV”**

CIVC Executive Fund IV, L.P.

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Interests in the Funds generally are privately offered to qualified investors in the United States and elsewhere. The Funds are expected to invest through negotiated transactions in operating companies. CIVC’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 CIVC may serve on such portfolio companies’ respective boards of directors or otherwise actively work with management of portfolio companies held by Funds.

CIVC’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”) and limited partnership agreement (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 the 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 CIVC 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 Limited Partnership Agreement.

Additionally, from time to time, CIVC may provide (or agree to provide) certain investors or other persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a Fund (the “Co-Invest Funds”). Such Co-Invest Funds typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, Co-Invest Funds may purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, and the Co-Invest Funds may be charged interest on the purchase to compensate the relevant Fund for the holding period.

As of December 31, 2013, CIVC managed approximately \$798million in client assets on a discretionary basis. The Management Company is managed by Marcus D. Wedner, Christopher J. Perry and Daniel G. Helle. There are no principal owners of the Management Company.

## FEES AND COMPENSATION

The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Limited Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

In general, each General Partner receives a management fee and a carried interest in connection with advisory services it provides to clients. The General Partners or other CIVC entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (e.g., monitoring and other fees) of Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to CIVC. Investors in the Funds also bear certain fund expenses, as described below. It is expected that any future Funds will have a similar fee structure.

### Management Fees

During the investment period, the Funds generally will pay the General Partners an annual management fee (the “**Management Fee**”), payable quarterly in advance, or more frequently, equal to 2% of aggregate commitments. After the investment period, the Management Fee generally equals 1.5% to 2% of aggregate unreturned invested capital or net book value, as defined in the respective Limited Partnership Agreements.

The Management Fee with respect to a Fund will commence as of the effective date of such Fund based on aggregate commitments, regardless of when a limited partner is actually admitted. Generally, 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.

The Management Fee for a Fund generally will be offset by respective Fund’s share of directors’ fees paid by portfolio companies to partners or employees of CIVC and of the Fund’s share of fees paid to the Management Company by any portfolio company for management services or advisory consulting fees, transaction fees, monitoring fees, or other similar fees. For Fund IV, this offset is 100% of such fees allocable to the limited partners. For funds prior to Fund IV, this offset is 80%. To the extent that such an offset credit would reduce the Management Fee for a given quarter below zero, the credit will be carried forward for future application against payable Management Fees and if a credit remains upon liquidation a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (e.g., where an adverse tax consequence may result).

Additionally, as further described below, CIVC may use certain operating partners who will provide services to certain portfolio companies in which such Funds invest and may receive compensation, including, but not limited to transaction fees, and such compensation will not result in additional offsets to the Management Fee. CIVC currently does not use operating partners, but may do so in the future.

As permitted under the Fund IV Limited Partnership Agreement, the General Partner may agree to reduce the Management Fee. Any such reduced portion of the Management Fee reduces the

amount of capital the General Partner would otherwise be required to contribute to Fund IV. The limited partners of Fund IV may be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such reduction as described above. Reduced Management Fees are not subject to the Management Fee offsets described above. Due to reduced Management Fees by a General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in a Fund. Due to the level of such fees received and Management Fee reductions, CIVC currently expects all offsets to be utilized.

With respect to Fund III and Fund IV, if 25% or more of the limited partner commitments are from employee benefit plans, generally each limited partner will pay its pro rata share of all Management Fees and Fund expenses directly to a General Partner until a Fund has qualified for the “venture capital operating company” exception to the U.S. Department of Labor plan asset rules (*i.e.*, when the Fund has made its first qualifying investment), but for purposes of calculating when each limited partner has fulfilled its commitment and for purposes of calculating gains, losses, distributions and sharing ratios, all amounts so paid, as well as any corresponding amounts payable by the General Partner to fulfill its commitment, will be treated as having been paid into the Fund as a capital contribution by such partner. As of the final close, limited partner commitments for Fund III and Fund IV did not surpass the 25% threshold.

### **Carried Interest**

Each General Partner generally is entitled to receive a carried interest with respect to the Funds equal to 20% of all realized profits subject to a preferred hurdle and related General Partner catch-up provision as specified in the respective Fund Limited Partnership Agreement. The carried interest distributed to a General Partner is subject to a potential giveback at the end of life of a Fund if the respective General Partner has received excess cumulative distributions.

### **Other Information**

CIVC may exempt certain investors in Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest could be made by a direct exemption, a rebate by CIVC and/or its affiliates, or through other Funds which co-invest with the relevant investor’s Fund.

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 Limited Partnership Agreement, 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 CIVC may receive a portion of the Management Fee, carried interest or other compensation received by a General Partner.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. As set forth in the respective Limited Partnership Agreement, each Fund will pay certain costs and expenses that are not reimbursed by portfolio companies. Examples of such costs and expenses paid by Funds include: legal, auditing, consulting,

financing, accounting and custodian fees and expenses; expenses associated with a Fund's financial statements, tax returns and Schedule K-1s; out of pocket expenses incurred in connection with transactions not consummated; expenses of the advisory committees and annual meetings of the limited partners; 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 a Fund. In addition, limited partners may directly pay such fees and expenses in certain circumstances as set forth in any applicable Fund's Limited Partnership Agreement. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

CIVC is able to use operating partners to provide services to portfolio companies in which such Funds may invest. In connection with such services, such operating partners may receive transaction fees and other compensation from such portfolio companies.

A General Partner and/or its affiliates generally have discretion over whether to charge transaction fees or monitoring fees to a portfolio company and, if so, the fee rate or amount. The receipt of such fees may give rise to conflicts of interest between a Fund, on the one hand, and its General Partner and/or its affiliates on the other hand.

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

As described under "Fees and Compensation," each General Partner 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. CIVC also manages certain funds that are not charged a performance-based fee. While this practice could present a conflict of interest, CIVC does not believe this arrangement poses a conflict of interest in practice because such Funds invest on a *pari passu* basis alongside the Funds that do pay a performance based fee at substantially the same time and on substantially the same terms as such Funds and dispose of such investments in a similar manner.

#### **TYPES OF CLIENTS**

CIVC 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 of 1940, as amended. 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 CIVC and its affiliates.

The Funds generally have a minimum investment amount of \$10 million for third-party investors. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) for certain Funds, either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act of 1940, as amended. CIVC may waive such minimum investment amounts and qualification requirements.



The Management Company also serves as investment manager to various co-investment vehicles, Co-Invest Funds. Certain affiliates and personnel of CIVC and other third party investors may be permitted to participate in the Co-Invest Funds or in some cases co-invest directly in a particular portfolio company. The Co-Invest Funds generally do not pay a management fee or carried interest, but investors in the Co-Invest Funds do bear certain Co-Invest Fund partnership expenses (e.g., the pro rata legal and other expenses associated with a portfolio company investment, including broken-deal expenses, audit expenses etc.). CIVC will select which investors are permitted to invest in the Co-Invest Funds (or directly co-invest in a particular portfolio company) based on various factors, including the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons as more fully described in the applicable Fund's Limited Partnership Agreement. CIVC is not obligated to make co-investment opportunities available to any particular investors or limited partners. The Co-Invest Funds typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the applicable Fund making the investment.

From time to time, for strategic and other reasons, Co-Invest Funds may purchase a portion of an investment from a Fund. Any such purchase from a Fund by a Co-Invest Fund generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, and such Co-Invest Fund may be charged interest on the purchase to compensate the relevant Fund for the holding period.

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

### **General**

CIVC typically makes buyout and growth equity investments in middle-market companies predominantly within CIVC's affinity areas, focusing on companies in the United States with enterprise values of between \$40 million and \$300 million. CIVC seeks investments in which CIVC represents or controls a majority of the board or has shared control but retains an influence over management and has appropriate controls over governance issues together with liquidity rights. CIVC seeks to produce attractive investment results by working with the management teams of its portfolio companies on operations and corporate strategy.

The following is a summary of the investment strategies and methods of analysis generally employed by CIVC on behalf of the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis are included in the applicable Memorandum for each Fund. There can be no assurance that CIVC will achieve the investment objectives of the Funds and a loss of investment is possible.

### **Investment and Operating Strategy**

CIVC adheres to a disciplined, consensus-driven investment process. This process institutionalizes the investment judgment developed over the past 24 years and has been carefully designed to facilitate all investment and exit decisions benefiting from the collective knowledge and experience of the entire CIVC investment team, and is based on detailed analysis. The four stages of CIVC's investment process are outlined below.

### *Initial Review by the Deal Team*

All CIVC investment professionals work to proactively source new investment opportunities. As described in the previous section, CIVC primarily sources transactions through an active immersion strategy and active marketing to relevant intermediaries.

Once a potential investment opportunity is identified, the opportunity is logged in CIVC's database. The deal team typically will then review company materials, conduct preliminary business due diligence, and perform financial analyses around the company's performance, including the development of a detailed model. CIVC will begin at this point to contact its debt financing partners to assess debt financing options as well as to draw on the expertise of industry executives within its network. If the deal team decides to pursue actively an investment opportunity, it prepares a summary memo on the opportunity for review by the rest of the Firm.

### *CIVC Team Review and Collaboration*

Each actively pursued investment opportunity is presented to the entire CIVC investment team so that deal teams can benefit from the collective experience and expertise of the entire firm in a setting that encourages open discussion and debate. These conversations generally center around the following: (i) the capital strength and growth prospects of the target business relative to competition; (ii) valuation and structure; (iii) in more competitive situations, CIVC's competitive advantage; and (iv) CIVC's investment thesis, which includes its approach to adding value post-acquisition and to managing the risks inherent in the business. CIVC believes that investment decisions benefit from healthy, constructive debate conducted by investment professionals who have worked together for a long time. Often, suggestions from other members of the CIVC investment team provide the deal team with ideas about external contacts, such as industry consultants, service providers, or executives, who have relevant experience within the CIVC network. Before approving the allocation of significant internal resources or incurring external expenses, deal teams are required to receive the consent of the partners, at which point key areas of focus for due diligence are highlighted and discussed.

### *Detailed Due Diligence*

CIVC's sourcing strategy and expertise in its affinity areas often enables it to complete its detailed due diligence process quickly and efficiently. CIVC's formal due diligence process is extensive and requires investigation and assessment of the important aspects of a business. The process is designed to ensure that each investment opportunity is evaluated using consistent standards, and it seeks to identify potential opportunities and risks. Specifically, CIVC performs a top-down review of a target company's industry and its competitive position within that industry. It also develops a detailed understanding of the company's business model and financial performance through a bottom-up approach. The process typically includes a detailed analysis of company financials, interviews with key customers and suppliers and multiple meetings with management. Usually, CIVC will already understand the industry dynamics, risks and opportunities of the target company. In addition, it will already have a network of contacts in

the target company's industry, and will be able to conduct third-party references beyond the contacts offered by the company.

CIVC does not outsource its due diligence process. However, CIVC often engages third-party specialists with technical expertise, including industry consultants, accountants, attorneys, environmental consultants, industrial psychologists, and private investigators. Furthermore, CIVC often meets industry experts and advisors in the course of immersion efforts and seeks to use these experts in its due diligence process.

Generally, throughout the due diligence process, deal teams present updated findings and analysis to the entire CIVC investment team at weekly meetings.

#### *Final Team Review and Investment Committee*

Before a final vote by CIVC's investment committee, comprehensive due diligence materials are distributed to the entire investment team in the form of an investment memorandum. Once the deal has closed, these memoranda are archived in book form, copies of which are located throughout CIVC's offices as a record of the deal team's original expectations for the investment.

### **Risks of Investment**

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

*Business Risks.* A 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 the CIVC principals' prior investments is not necessarily indicative of a Fund's future results. While the General Partners intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that desired returns will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which a Fund invests may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

*Concentration of Investments.* A Fund 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 may substantially affect its aggregate return. Furthermore, to the extent that the capital

raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* It is possible that a Fund will never be fully invested 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. However, limited partners are required to pay annual Management Fees during the investment 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 not generally expected that this will 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 respective General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital.

*Leveraged Investments.* A Fund 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. Leverage generally magnifies both the 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. During times when credit markets are tight, 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 a Fund that may not be covered by distributions made to such Fund or appreciation of its investments. 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 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 a 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 such Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a 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 a substantial number of a Fund's investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners.

*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 such 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 or may result in a lost opportunity for such Fund to increase its participation in a successful operation.

*Non-U.S. Investments.* A Fund may invest in portfolio companies that are organized 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 a Fund and/or the partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the partners.

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. 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.

*Projections.* Projected operating results of companies in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. With the passage of time, assumptions often change causing the projections to change. 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 impact on the reliability of projections

*Public Company Holdings.* A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the CIVC principals and increased costs associated with each of the aforementioned risks.

*Director Liability.* The Funds will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors 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.

*Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate, and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, is currently restricted. This may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections. Furthermore, such uncertainty may have an adverse effect upon the portfolio companies in which a Fund makes investments.

### **Conflicts of Interest**

During the commitment period of the most recently formed Fund, CIVC will pursue all appropriate investment opportunities exclusively through such Fund, subject to certain exceptions. However, CIVC currently manages several other investment funds and investments similar to those in which the Funds will be investing, and may direct certain relevant investment opportunities to those investment funds and investments. CIVC’s investment staff will continue to manage and monitor such investment funds and investments. CIVC’s significant investment in the Funds, as well as CIVC’s interest in the carried interest, operate to align, to some extent, the interest of CIVC with the interest of the partners, although CIVC has economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Such other investment funds and investments that CIVC may control may compete with the Funds or companies acquired by the Funds. Following the commitment period of a particular Fund, CIVC may focus its investment activities on other opportunities and areas unrelated to a Fund’s investments.

From time to time, CIVC will be presented with investment opportunities that would be suitable for more than one of the Funds and other investment vehicles operated by advisory affiliates of CIVC. In determining which investment vehicles should participate in such investment opportunities, CIVC and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. CIVC attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by CIVC’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among Funds in a fair and equitable manner. Where necessary, CIVC consults and receives consent to conflicts from an advisory board consisting of limited partners of the applicable Fund and such other investment vehicles.

Since CIVC is permitted to retain a certain portion of transaction or monitoring fees (as described under “Fees and Compensation”) in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation. CIVC attempts to resolve such conflict by offsetting the Management Fee by a portion of such supplemental fees.

Because a General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for such General Partner to cause the respective Fund to make riskier or more speculative investments than would otherwise be the case.

As a result of the Funds' controlling interests in portfolio companies, the General Partners and/or their respective affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to CIVC and/or its affiliates. CIVC and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by CIVC and/or its affiliates. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by CIVC and/or its affiliates that may regularly provide services to one or more Fund portfolio companies), and such fees will not offset the Management Fee as described herein. Any of these situations subjects CIVC and/or its affiliates to potential conflicts of interest.

#### **DISCIPLINARY INFORMATION**

CIVC 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 following General Partners deemed registered as investment advisers under the Advisers Act in accordance with SEC guidance:

- CIVC GP IV, L.P. (general partner of Fund IV)
- CIVC GP III, L.P. (general partner of Fund III)
- CIVC GP IIIA, L.P. (general partner of Fund IIIA and GWC Fund)
- CIVC Partners, LLC (general partner of Fund II)
- CIVC GP Sidecar Fund, L.P. (general partner of Sidecar)

These affiliated investment advisers serve as general partners or managing members of Funds and other pooled vehicles 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**

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

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the 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 investor or qualified prospective investor upon request to Chris Geneser, the Chief Compliance Officer, at (312) 873-7300. Employees who manage client accounts must conduct their personal securities transactions in a way to avoid a conflict with the client's interests.

CIVC 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, CIVC 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 CIVC.

Accordingly, should CIVC or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, CIVC would be prohibited from communicating such information to clients, and CIVC 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 CIVC personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

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

Co-invest opportunities may also be presented to certain affiliates of CIVC, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or by direct investments in a particular portfolio company. Additionally, the Funds may invest together with other private investment funds advised by an affiliated adviser of CIVC in the manner set forth in the Limited Partnership Agreement. CIVC 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 CIVC investment allocation policy. CIVC will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients consistent with CIVC's obligations and may take into consideration factors such as the following: a Fund's investment and regulatory restrictions, objectives (including those set forth in the relevant Fund's governing documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, asset composition and available capital commitments. In the case of co-investments, CIVC may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-



investments in one or more of a Fund's portfolio companies or otherwise to have priority in co-investment opportunities.

CIVC 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**

CIVC typically does not engage in transactions in which it uses a broker-dealer. CIVC 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 or may not be retained. However, CIVC 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. In the instances in which CIVC uses a broker-dealer, it follows the following brokerage practices.

If CIVC sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by CIVC. In such event, CIVC will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, CIVC 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.

CIVC 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 CIVC 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 CIVC seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. As a general matter, research provided by these brokers would be used to service all of CIVC's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by CIVC, 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 CIVC 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.

CIVC does not anticipate engaging in significant public securities transactions; however, to the extent that CIVC 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, CIVC may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, CIVC 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. Batched transactions are executed in a manner intended to ensure that no participating Fund of CIVC is favored over any other Fund.

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 in accordance with the amount of securities originally requested for such Fund. 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, CIVC closely monitors companies in which the Funds invest. Additionally, the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

CIVC 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**

CIVC and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation may, in many cases, offset a portion of the Management Fees paid by a Fund. However, in other cases, these fees may be in addition to Management Fees. CIVC or certain of its affiliates may have the right to receive certain non-investment advisory fees in connection with the Funds' investments and portfolio companies. For example, CIVC may be entitled to receive (i) certain professional services or related fees from a portfolio company in connection with certain transactions ("**Professional Service Fees**") and (ii) certain monitoring or consulting fees from a

portfolio company for services provided to the portfolio company. As specified in a Fund's Limited Partnership Agreement, a portion of such fees generally is offset against the Management Fee.

From time to time, CIVC may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund.

### **CUSTODY**

As required by the Advisers Act, CIVC has established an account with the following qualified custodian to hold funds and securities on behalf of the Funds: The Chicago Trust Company.

### **INVESTMENT DISCRETION**

CIVC has discretionary authority to manage investments on behalf of the Funds. As a general policy, CIVC does not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, CIVC 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 similar reasons or for other agreed upon reasons. CIVC assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

### **VOTING CLIENT SECURITIES**

CIVC 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 CIVC votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. CIVC 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 CIVC 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 CIVC's vote in a particular solicitation. CIVC does not consider service on portfolio company boards by CIVC personnel or CIVC'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 CIVC when voting proxies on behalf of a Fund. If any client would like a copy of CIVC's complete Proxy Policy or information regarding how CIVC voted proxies for particular portfolio companies, they may contact Chris Geneser, the Chief Compliance Officer, at (312) 873-7300, and it will be provided to clients at no charge.

## **FINANCIAL INFORMATION**

CIVC 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.