

**Form ADV Part 2A: FIRM BROCHURE**

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This Brochure provides information about the qualifications and business practices of Beecken Petty O'Keefe & Company, LLC ("BPOC"). If you have any questions about the contents of this Brochure, please contact us at (312) 435-0300 or [jkneen@bpoc.com](mailto:jkneen@bpoc.com). 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.

BPOC is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about BPOC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. - Material Changes

There are no material substantive changes from Beecken Petty O’Keefe & Company’s (“BPOC”) last brochure (the “Brochure”) filed on April 1, 2013. However, this year’s Brochure provides more detail in most items. In particular, this Brochure has been amended in its entirety from BPOC’s previous annual filing to more accurately reflect its business practices.

Pursuant to SEC rules, BPOC provides a summary of material changes to its Brochure within 120 days of the close of BPOC’s fiscal year. BPOC may provide further disclosures about material changes as deemed necessary. Additionally, BPOC will provide to clients a new Brochure as necessary, without charge. BPOC’s Brochure may be requested by contacting John Kneen, Chief Compliance Officer, at (312) 435-0300 or [jkneen@bpoc.com](mailto:jkneen@bpoc.com).

### Item 3. - Table of Contents

Item 1.	- Cover Page .....	1
Item 2.	- Material Changes .....	2
Item 3.	- Table of Contents .....	3
Item 4.	- Advisory Business.....	4
Item 5.	- Fees and Compensation.....	5
Item 6.	- Performance-Based Fees and Side-By-Side Management.....	10
Item 7.	- Types of Clients .....	11
Item 8.	- Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Item 9.	- Disciplinary Information.....	18
Item 10.	- Other Financial Industry Activities and Affiliations.....	18
Item 11.	- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	20
Item 12.	- Brokerage Practices.....	22
Item 13.	- Review of Accounts .....	24
Item 14.	- Client Referrals and Other Compensation.....	25
Item 15.	- Custody .....	26
Item 16.	- Investment Discretion .....	26
Item 17.	- Voting Client Securities.....	27
Item 18.	- Financial Information .....	27

#### **Item 4. - Advisory Business**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Beecken Petty O’Keefe & Company, LLC (“BPOC” or the “Firm”), a Delaware limited liability company, is a private equity management firm based in Chicago. BPOC commenced operations on December 1, 2003 and is principally owned by David K. Beecken, William G. Petty Jr. and Kenneth W. O’Keefe. The fund is managed by its principal owners as well by principals David J. Cooney, John W. Kneen, Gregory A. Moerschel and Thomas A. Schlesinger and Timothy D. Sheehan.

Founded in 1996 (as Beecken Petty & Company) to invest in middle-market buy-out transactions, recapitalizations and growth platforms in the health care industry, BPOC and its affiliates provide discretionary investment advisory services to their clients, which consist of private investment funds. BPOC has significant operating and investment experience in the healthcare industry; its partnership is comprised of seasoned operating and financial executives with decades of experience in providing operating and financial support to growing companies. The Firm prides itself on maintaining a collaborative relationship among all of its partners and portfolio company executives, ensuring all portfolio companies access to the full range of the Firm's experience and intellectual resources.

The following general partners are affiliated with BPOC and are deemed to be relying advisers with authority to make investment decision on behalf of each Fund: Beecken Petty & Company L.L.C. (the General Partner of Fund I); Beecken Petty O’Keefe & Company II, L.P. (the General Partner of Fund II); Beecken Petty O’Keefe & Company III, L.P. (the General Partner of Fund III); and Beecken Petty O’Keefe & Company IV, L.P. (the General Partner of Fund IV).

BPOC’s clients include: Healthcare Equity Partners, L.P and Healthcare Equity QP Partners, L.P (“Fund I”); Beecken Petty O’Keefe Fund II, L.P, Beecken Petty O’Keefe QP Fund II, L.P. and Beecken Petty O’Keefe Executive Fund II, L.P. (“Fund II”); Beecken Petty O’Keefe Fund III, L.P. and Beecken Petty O’Keefe Fund III- A, L.P. (“Fund III”); and Beecken Petty O’Keefe Fund IV, L.P. and Beecken Petty O’Keefe Fund IV- A, L.P. (“Fund IV”).

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

BPOC provides advisory services as a private equity fund manager to its Funds. Interests in the Funds generally are privately offered to qualified limited partners in the United States and elsewhere. The Funds invest through privately negotiated transactions in operating companies in the healthcare

industry. BPOC's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of purchase and sale of 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 BPOC may serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

BPOC does not tailor its advisory services to the individual needs of investors in its Funds; BPOC's investment advice and authority for each Fund are tailored to the investment objectives of that Fund. These objectives are described in the private placement memorandum, limited partnership agreement, investment advisory agreement and other governing documents of the relevant Fund (collectively, "Governing Documents").

Fund investors cannot impose restrictions on investing in certain securities or types of securities. Investors in Funds participate in the overall investment program for the applicable partnership, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable partnership agreement. BPOC may enter into side letters or similar agreements with certain limited partners that have the effect of establishing rights under, or altering or supplementing a Fund's partnership agreement.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

BPOC does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2013, BPOC managed approximately \$1,185,000,000 in client assets on a discretionary basis. BPOC does not manage any assets on a non-discretionary basis.

## **Item 5. - Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee**

**schedule. Disclose whether the fees are negotiable.**

As compensation for investment advisory services rendered to the Funds, BPOC receives both a management fee (the “Management Fee”) and a carried interest allocation. The General Partners or other BPOC entities or affiliates may receive additional compensation in connection with management and other services performed for portfolio companies of the Funds (*e.g.*, monitoring, transaction, advisory board and other fees). Such additional compensation generally will reduce in whole or in part the management fees otherwise payable to BPOC. Limited Partners in the Funds also bear certain fund expenses, as described below. The limited partnership agreement of each Fund details the fees, compensation and expenses in greater detail. The following is a summary of BPOC’s active Funds; differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge.

**Management Fees**

*Fund IV*

During the commitment period, the Fund will pay the General Partner an annual Management Fee, payable semi-annually, partially in advance and partially in arrears, equal to 2% of aggregate committed capital. Subsequent to the commitment period, or earlier upon the occurrence of certain events as set forth in the limited partnership agreement, the Management Fee will equal 2% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down. Investments in a portfolio company shall be treated as having been disposed of or permanently written down, only to the extent that, as of the date of any such disposition or write down, the aggregate fair market value of all remaining Fund investments in such portfolio company is less than the Fund’s aggregate investment contributions made with respect to such portfolio company. Any Management Fee payable on or after the semi-annual period following the thirteenth anniversary of the effective date shall be subject to the approval of Fund IV’s advisory board.

In addition, at all times, the Management Fee will be reduced by: (i) 100% of any directors’ fees earned by the General Partner from portfolio companies; (ii) 80% of any transaction fees, financial consulting fees or advisory fees paid by portfolio companies to the General Partner; and (iii) after reimbursement of the Fund for broken deal expenses, 80% of any break-up fees from Fund transactions not completed that are paid to the General Partner; but not including any amount received by the General Partner or other person from a portfolio company as reimbursement for expenses directly related to such portfolio company, as payment for services provided to any portfolio company or other person as an employee or in a similar capacity for such portfolio company. The General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment may be treated as a deemed capital contribution by the General Partner in respect of the General Partner’s commitment.

The Management Fee will commence as of the effective date based on aggregate commitments, regardless of when a Limited Partner is actually admitted. The effective date for Fund IV is July 1, 2013. 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.

### *Fund III*

During the commitment period, the Fund will pay the General Partner an annual Management Fee, payable semi-annually, partially in advance and partially in arrears, equal to 2% of non-affiliated partners' aggregate commitments. Commencing with the first Management Fee due date after the expiration of the commitment period or earlier upon the occurrence of certain events as set forth in the limited partnership agreement, the Management Fee will be reduced to equal 2% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down; provided that investments in a portfolio company shall be treated as having been disposed of or written down only to the extent the fair market value of the Fund's interest in such portfolio company subsequent to the time of such distribution is less than the Fund's aggregate investment contributions made with respect to all investments in such portfolio company.

In addition, at all times, the Management Fee will be reduced by: (i) 100% of any directors' fees earned by the General Partner from portfolio companies; (ii) 75% of any transaction fees, financial consulting fees or advisory fees paid by portfolio companies to the General Partner; and (iii) after reimbursement of the Fund for broken deal expenses, 75% of any breakup fees from transactions not completed that are paid to the General Partner. The General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment may be treated as a deemed capital contribution by the General Partner in respect of the General Partner's commitment.

The Management Fee commenced as of November 30, 2007 based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund, and in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

### *Fund II*

During the commitment period, the Fund will pay the General Partner an annual Management Fee, payable semi-annually, partially in advance and partially in arrears, equal to 2% of aggregate commitments. Commencing with the first Management Fee due date after the expiration of the commitment period, or earlier upon the occurrence of certain events as set forth in the limited partnership agreement, the Management Fee will equal 2% of (i) the aggregate amount of investment contributions, less (ii) the aggregate amount of investment contributions made with respect to investments that have been disposed of or permanently written down.

In addition, at all times, the Management Fee will be reduced by: (i) 100% of any directors' fees earned by the General Partners from portfolio companies, (ii) 75% of any financial consulting fees or advisory fees earned by the General Partner from portfolio companies; (iii) 75% of any transaction fees paid by portfolio companies to the General Partner; and (iv) after reimbursement of the Fund for broken deal expenses, 75% of any break-up fees from transactions not completed that are paid to the General Partner. The General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment may be treated as a deemed capital contribution by the General Partner in respect of the General Partner's commitment.

The Management Fee commenced as of January 1, 2004, based on aggregate commitments, regardless of when a Limited Partner was actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

#### *Fund I*

Since January 2009, the General Partner has chosen to no longer charge a Management Fee on Fund I, as Fund I is winding down its operations. Fund I historically paid the General Partner an annual Management Fee, payable semi-annually in advance, equal to 2% of aggregate commitments (which was reduced after the commitment period and subject to certain offsets).

#### **Carried Interest**

As described below in Item 6, each General Partner generally is entitled to receive a carried interest allocation with respect to the Funds equal to 20% of all realized profits, subject to an 8% annually compounded preferred return and a related General Partner catch-up provision. The carried interest allocated to a General Partner is subject to a potential giveback at the end of life of a Fund, or in the case of Fund IV, at an interim calculation date, if the respective General Partner has received excess cumulative distributions. The calculation methodology is fully described in each Funds' Governing Documents.

#### **Other Information**

BPOC may exempt certain limited partners in the Funds from payment of all or a portion of Management Fees and/or carried interest, but has not done so in the past except with respect to Beecken Petty O'Keefe Executive Fund II, L.P. Employees or affiliates of BPOC generally will not pay Management Fees or carried interest. Principals or other employees of BPOC may receive a portion of the Management Fee, carried interest allocation or other compensation received by the General Partner.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If**



**clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Management fees are generally deducted from Funds' accounts on a semi-annual basis partially in advance and partially in arrears.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

In addition to the Management Fee and carried interest payable to the General Partner, each Fund bears certain expenses. As set forth in the limited partnership agreement of each Fund, to the extent not paid by portfolio companies, each Fund bears all costs, expenses, liabilities and obligations relating to the Fund's activities, including, without limitation, (i) all costs, expenses, liabilities and obligations attributable to acquiring, holding, managing and disposing of a Fund's investments, including follow-on investments and refinancings (including, without limitation, interest on money borrowed by the Fund or BPOC, the General Partner or any affiliated partner on behalf of the Fund, registration expenses and brokerage, finders', custodial and other fees, travel (which may include chartered travel), insurance, litigation and indemnification costs and expenses, judgments and settlements), (ii) legal, accounting, auditing, consulting, insurance, financing, appraisal, filing and other fees and expenses (including, without limitation, expenses associated with the preparation and distribution of the Fund's financial statements, tax returns and Schedule K-1s or any other reporting to the limited partners), certain expenses of the advisory board, (iii) "broken deal expenses," (iv) all out-of-pocket fees and expenses incurred by the Fund or BPOC in connection with any conference or meeting of the limited partners, (v) any taxes, fees and other governmental charges levied against the Fund, (vi) any placement fees in lieu of Management Fees, (vii) costs and expenses that are classified as extraordinary under GAAP and (viii) organizational expenses, but not including excess organizational expenses, and ordinary overhead and administrative expenses which are payable by BPOC. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

The Funds pay BPOC non-refundable management fees which are due at January 15<sup>th</sup> and July 15<sup>th</sup> of each fiscal year. Withdrawals of capital from Funds are not permitted. The Funds generally invest on a long-term basis. Accordingly, Management Fees are expected to be paid, except as otherwise described in the limited partnership agreements, over the term of the Funds and limited partners generally are not permitted to withdraw or redeem interests in the Funds.

**E. If you or any of your supervised persons accepts compensation for the sale of securities**

or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

1. Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.
2. Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.
3. If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.
4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.

Neither BPOC nor any supervised person accepts compensation for the sale of securities or other products.

#### **Item 6. - Performance-Based Fees and Side-By-Side Management**

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

As described above in Item 5, each General Partner receives a carried interest allocation on certain realized profits in the Funds equal to 20% of all realized profits subject to an 8% annually compounded preferred return and a related General Partner catch-up provision. A carried interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. The carried interest allocated 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. BPOC also manages one Fund that is not charged a performance-based fee. However, such Fund co-invests on a pro rata basis with Funds that do pay a performance-based fee, so there is no incentive to favor Funds that pay a performance-based fee over those that do not.

Each Fund's carried interest fee structure is described in detail in the relevant Governing Documents. These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

## **Item 7. - Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

BPOC provides investment advice to the 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. Identifying details about the Funds may be found in Item 4, above, as well as the portion of BPOC's Form ADV Part 1 captioned "Private Fund Reporting" at Section 7.B.(1).

The limited partners participating in the 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 BPOC and its affiliates. The Funds generally have minimum investment amounts varying from \$1.0 million to \$5.0 million for third-party investors. Limited partners in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Limited partners must be (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act of 1940, as amended. BPOC may waive the minimum investment amounts.

BPOC also serves as investment manager to various co-investors who may invest alongside the Funds in certain portfolio companies. Certain limited partners of the Funds may be permitted to co-invest directly in a particular portfolio company. Such limited partners do not pay a management fee or carried interest with respect to the co-investments, but may bear certain expenses (e.g., legal and other expenses associated with a portfolio company investment). BPOC will select which limited partners are permitted to 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. Some limited partner co-investors may also be provided the opportunity to sit on the board of directors or board of advisors of the portfolio company. Positions on boards of directors or advisors of such portfolio companies may provide such limited partners with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other limited partners. BPOC is not obligated to make co-investment opportunities available to any particular limited partners.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

The Funds focus on achieving attractive risk-adjusted returns primarily by making privately negotiated equity and equity-related investments exclusively in companies operating in the healthcare industry, primarily within the following sectors: clinical outsourcing and staffing, specialty distribution, medical and dental products, managed care, business outsourcing and information technology, pharmaceutical products and services, and providers of healthcare services, primarily alternate site (non-hospital) outpatient providers. The Funds' capital commitments are targeted primarily towards buyout and recapitalization transactions in middle-market healthcare companies, and, generally, up to 25% of the Fund's capital commitment may be allocated to investment in growth state companies.

The applicable Governing Documents of each Fund set forth more detailed descriptions of each Fund's investment strategies and methods of analysis. There can be no assurance that BPOC will achieve the investment objectives of the Funds and a loss of investment may be possible. In implementing its strategy, BPOC's focuses on the key tenants of its investment philosophy:

*Focus on Healthcare.* BPOC believes that the healthcare industry provides an attractive combination of characteristics for private equity investing as it: (i) is one of the largest, fastest growing, and least cyclical sectors of the economy; (ii) is highly fragmented and is comprised primarily of small to medium-sized companies; (iii) is experiencing a high level of consolidation; (iv) is comprised of companies that may benefit from powerful demographic changes, a rise in consumerism and advances in medical and information technology; and (v) is experiencing increased government funding in connection with healthcare reform that will increase the number of insured individuals and encourage growth in utilization. BPOC believes the combination of these characteristics results in a large population of attractive target candidates for private equity investment, substantial growth opportunities for companies operating in the industry, and improved consolidation, acquisition and realization options for companies that operate in the healthcare industry.

*Diversification by Sector.* BPOC attempts to diversify its investment approach by investing across select sectors within the healthcare industry. These sectors include, but are not limited to, companies primarily operating in the provider, specialty distribution, medical products, managed care, outsourced

business services and clinical services sectors.

*Ability to Source Attractive Investment Opportunities.* BPOC is highly proactive in its approach to transaction sourcing as demonstrated by its ability to generate attractive investment opportunities on a proprietary basis. BPOC maintains and continuously develops an extensive network of key relationships that yields knowledge of healthcare industry trends and generates proprietary deal flow beyond the typical intermediary channels.

BPOC also maintains an Executive Advisory Board comprised of seasoned healthcare professionals who make a long-term commitment to BPOC and invest in the Funds. The members help proactively source potential investment opportunities in targeted segments of the healthcare industry. These executives also serve as a resource to management and are able to add significant value to the BPOC portfolio companies through their extensive experience in the healthcare industry.

*Favorable Transaction Structuring.* BPOC employs creative investment structuring techniques in order to optimize the risk-reward profile of the Funds' investments and to maximize equity returns for the Funds' limited partners. Structuring techniques are expected to include the use of appropriate amounts of leverage, structuring preferred securities with dividends and liquidation preferences, establishing favorable corporate governance and shareholder rights, and implementing incentive programs to align the interests of management with the limited partners.

*Post-Investment Value Creation.* BPOC commits significant resources to assist Fund portfolio companies in achieving financial and operational objectives and generally holds board seats in each of the Fund portfolio companies. Through board participation and as a resource to portfolio company management teams, BPOC seeks to increase equity value by influencing and directing the strategic, operational and financial activities of portfolio companies.

*Valuation and Exit Opportunities.* BPOC believes it employs conservative valuation methodologies in analyzing potential investments. BPOC seeks to invest in healthcare companies at valuations generally below ten times trailing EBITDA. In advance of exiting an investment, BPOC evaluates possible realization alternatives, including sales to strategic and financial acquirers, public offerings and recapitalizations. BPOC will generally not rely on a single buyer or event to generate an exit opportunity.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

The Funds and their limited partners bear the risk of loss that BPOC's investment strategy entails. Although the following risk factors generally apply to all BPOC Funds, limited partners should also

refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. The risks involved with BPOC'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 BPOC's prior investments is not necessarily indicative of a Fund's future results. While BPOC intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal capital is possible.

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

*Healthcare Regulation, Reimbursement and Reform.* Various segments of the healthcare industry are (or may become) (i) highly regulated at both the state and federal levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Funds intend to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which a Fund invests. Recent legislative changes have and will likely continue to affect the healthcare industry. From time to time, various legislative proposals related to the healthcare industry are introduced at the federal and state level, and if adopted, they could have a significant impact on the healthcare industry.

*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 will be required to pay annual management fees during the commitment period based on the entire amount of their commitments.

*Illiquidity: Lack of Current Distributions.* An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments. 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 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 General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

*Leveraged Investments.* 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, including in respect of companies not rated by credit agencies. 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 the Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company 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 such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. 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, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. The companies in which the Funds 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.

*Reliance on the General Partners and Portfolio Company Management.* Control over the operation of the Funds will be vested entirely with BPOC, and the Funds' future profitability will depend largely upon the business and investment acumen of the BPOC principals. The loss of service of one or more of such principals could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of the Funds will depend entirely on the actions of BPOC. Although BPOC will monitor the performance of each Fund's investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day

basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Fund's objectives.

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

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund to implement operating improvements, execute its investment strategy or achieve its investment objectives.

The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to consummate investments. Both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

Additionally, Congress has recently considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the Principals, employees or other individuals associated with a Fund, BPOC or the General Partner who were or may in the future be granted direct or indirect interests in the General Partner entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from a Fund and General Partner, which could make it more difficult for a General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Funds may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such



investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for a Fund to increase its participation in a operation.

*Foreign Investments.* The Funds 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 (such regulations may be given effect during the term of a Fund), the application of complex U.S. and foreign tax rules to cross-border investments.

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

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

*Public Company Holdings.* A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Funds 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 the Funds to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the principals of BPOC, and increased costs associated with each of the aforementioned risks.

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

*Director Liability.* The Funds will often obtain the right to appoint a representative to the board of directors of the companies in which they invest. Serving on the board of directors of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Although portfolio companies often have insurance to protect directors and officers from such liability, such

insurance may not be obtained by all portfolio companies and may be insufficient if obtained.

*Conflicts of Interest:* During the commitment period of the Funds, all appropriate investment opportunities will be pursued by BPOC principals through such Funds, subject to certain limited exceptions. BPOC's principals and investment staff will continue to manage and monitor such investments until their realization. Following the commitment period, BPOC principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

For information regarding the types of securities and portfolio companies in which Funds invest, please see Item 4.B and Item 8.A, above.

#### **Item 9. - Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Like other registered investment advisers, BPOC is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of BPOC or the integrity of BPOC's management. BPOC and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

#### **Item 10. - Other Financial Industry Activities and Affiliations**

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

BPOC is not actively engaged in a business other than giving investment advice to its clients, the Funds. Neither BPOC nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

Neither BPOC nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

- 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,” and offshore fund)**
- 3. Other investment adviser 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.**

As described in Item 4 above, BPOC is affiliated with the following entities as General Partners:

- Beecken Petty O’Keefe & Company LLC (General Partner of Fund I);
- Beecken Petty O’Keefe & Company II, L.P. (General Partner of Fund II);
- Beecken Petty O’Keefe & Company III, L.P. (General Partner of Fund III); and
- Beecken Petty O’Keefe & Company IV, L.P. (General Partner of Fund IV).

These General Partners are deemed registered with the SEC under the Advisers Act pursuant to BPOC’s registration. BPOC provides personnel and other services to the Advisers and other Firm entities. These affiliated investment advisers operate as a single advisory business together with BPOC and serve as General Partners of private investment funds, other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

BPOC has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; tax preparation; insurance brokerage; investment

management services; and other personal services. None of the above relationships, however, creates a material conflict of interest with any of the Funds or limited partners.

From time to time, BPOC may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will BPOC accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

BPOC does not recommend or select other investment advisers for the Funds.

#### **Item 11. - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

As fiduciaries, BPOC and its employees are required to conduct personal securities transactions in a manner that prioritize clients' interest in client eligible investments. BPOC has adopted the BPOC Code of Ethics and Securities Trading Policy and Procedures, which sets forth standards of conduct that are expected of BPOC principals and employees, and addresses conflicts that arise from personal trading. BPOC's code is based upon the principle that the Firm and its employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, to avoid (1) serving their own personal interests ahead of clients, (2) taking inappropriate advantage of their position with the Firm, and (3) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

BPOC's code of ethics requires 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. At least once a year, each BPOC covered person is required to acknowledge this code of ethics and agree to be bound by it.

BPOC will provide a copy of its code of ethics to any existing or prospective limited partner upon request to John Kneen, the Chief Compliance Officer, at (312) 435-0300 or [jkneen@bpoc.com](mailto:jkneen@bpoc.com).

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

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

Principals and employees of BPOC 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. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions require the consent of the applicable Fund.

### **2. Conflicts of Interest**

The Funds may invest together with other private investment funds advised by an affiliated adviser of BPOC in the manner set forth in the limited partnership agreements. BPOC will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations and the underlying documents for the relevant Fund. Accordingly, all transactions are allocated proportionately to each limited partner capital commitment unless “opt-out” provisions apply. Such “opt-out” provisions are directed by the applicable limited partner in Fund side-letters.

If any matter arises that BPOC determines in its good faith constitutes an actual conflict of interest, BPOC may take such actions as may be necessary or appropriate, within the context of such Fund’s or co-investment vehicle’s Governing Documents to ameliorate the conflict.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

### **1. Personal Trading**

The principals and employees of BPOC 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 which 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.

BPOC employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or communicating material non-public information to others. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client

eligible investments.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Except for the limited circumstances described in Item 11.B, BPOC and its related persons do not invest in the securities of companies recommended to the Funds.

## **Item 12. - Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

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

If BPOC sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by BPOC. In selecting a broker to execute client transactions, BPOC 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; and (iv) gross compensation paid to the broker.

BPOC 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 BPOC 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.

- 1. *Research and Other Soft Dollar Benefits.* If you receive research or other products or services other than execution from a broker-dealer or a third party in**

connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

- a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.
- b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients’ interest in receiving most favorable execution.
- c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.
- d. Disclose whether you use soft dollar benefits to service all of your clients’ accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.
- e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.
- f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

BPOC does not receive research or other soft dollar benefits in connection with securities transactions for the Funds or any co-investment vehicles.

2. ***Brokerage for Client Referrals.*** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients’ interest in receiving most favorable execution.
- b. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for client referrals.

BPOC does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds.

### **3. *Directed Brokerage.***

- a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.**
- b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.**

BPOC does not engage in directed brokerage.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

It is not expected that opportunities to aggregate the purchase or sale of securities will occur frequently. However, when such opportunities arise, BPOC intends to trade such securities on an aggregated basis.

### **Item 13. - Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

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. BPOC's team of investment professionals closely monitors and conducts quarterly reviews of the portfolio companies and maintains ongoing oversight. These reviews include, without limitation, sales



trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape and management.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

The Chief Compliance Officer and Controller review the accounts of the Funds on a quarterly basis and periodically check to confirm that each Fund is maintained in accordance with its stated business objectives. The Chief Compliance Officer and/or Controller would perform additional reviews in the event that a portfolio company needed subsequent financing, in the event of a potential acquisition or liquidity event, or if there were a serious performance issue.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

BPOC generally will provide to its limited partners (i) audited financial statements annually within 120 days of year end, commencing with the first year in which it either is in operation for at least six months or makes an investment, (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, descriptive investment information for each portfolio company semi-annually and (v) reports summarizing material affiliated transactions semi-annually. All reports are sent to limited partners in either a physical copy or are delivered electronically as per each investor's preference. The Firm also has contact with investors (personal visits, telephone, e-mail) throughout the year as conditions warrant.

#### **Item 14. - Client Referrals and Other Compensation**

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

BPOC receives compensation in the form of fees paid by the limited partners, as disclosed in the Governing Documents. BPOC 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, as described in the Funds' Governing Documents. For example, BPOC may be entitled to receive (i) certain professional services or related fees from a portfolio company in connection with certain transactions ("Professional Service Fees"), (ii) certain monitoring or consulting fees from a portfolio company for services provided to the portfolio company and (iii) fees for serving on the board of directors of a portfolio company. Generally, 75% to 80% of such Professional Service Fees and monitoring and consulting fees and 100% of director fees are offset against the Management Fee.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

From time to time, BPOC 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. Any fees and expenses payable to any such placement agents will be borne by BPOC indirectly through an offset against the Management Fee. Any solicitor retained by BPOC will be registered as a broker-dealer. Additionally, the cost of any such fees will be borne entirely by BPOC and not by any affected limited partner.

#### **Item 15. - Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

By its ability to deduct fees from Fund accounts, BPOC or an affiliate is deemed to have custody over its clients' funds. BPOC does not take physical custody of client securities or money; JP Morgan Chase serves as the Firm's qualified custodian for client assets. For each Fund, BPOC complies with the custody rules under the Advisers Act applicable to pooled investment vehicle managers, including the requirement that that BPOC deliver a copy of Fund audited financial statements within 120 days of the fiscal year end and that it receive quarterly statements from its qualified custodian.

#### **Item 16. - Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

BPOC is retained on a fully discretionary basis and is authorized to determine and direct execution of portfolio transactions pursuant to the terms of each Fund's Governing Documents. The terms upon which BPOC serves as an investment manager are established at the time each investor retains BPOC as their investment manager. BPOC is not required to contact an investor prior to transacting any business once such investor executes these documents. Investment advice is provided directly to the Funds and not to investors in the Fund individually. BPOC has discretionary authority based on the Governing Documents to buy and sell securities and other investments on behalf of the Funds.

To invest in the Fund, a limited partner must execute a subscription agreement with a Fund. A limited

partner in the Fund may impose limitations on BPOC's authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon a limited partner's investment must be presented to BPOC in writing and agreed to by all parties. No limited partners to date have limited BPOC's discretion to provide investment advice, nor have any limited partners limited BPOC's ability to invest in specific company sectors or otherwise.

#### **Item 17. - Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

By virtue of the Fund Governing Documents, BPOC has the authority to vote client proxy statements on behalf of its Funds. The majority of "proxies" received by the Advisers will be written shareholder consents or similar instruments for private companies. BPOC's proxy policy seeks to ensure that the Advisers vote proxies in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the 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, BPOC's proxy policy provides that the Firm may address the conflict using several alternatives, including by seeking the approval or concurrence of an Advisory Committee on the proposed proxy vote, or through other alternatives set forth in BPOC's proxy policy.

BPOC does not consider service on portfolio company boards by BPOC personnel or the Advisers' receipt of nominal board fees to create a material conflict of interest in voting proxies with respect to such companies.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

This Item is not applicable to BPOC.

#### **Item 18. - Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

- 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.**
- 2. Show parenthetically the market or fair value of securities included at cost.**
- 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.**

This Item is not applicable to BPOC.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

BPOC does not require prepayment of more than \$1,200 in fees per client, six months or more in advance or have any other events requiring disclosure under this item of the Brochure.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

BPOC has not been the subject of a bankruptcy proceeding.