

Patriot Financial Manager, L.P.

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This brochure provides information about the qualifications and business practices of Patriot Financial Manager, L.P. If you have any questions about the contents of this brochure, please contact Michelle Vaughn at (215) 609-3365 or mvaughn@patriotfp.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Patriot Financial Manager, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

Patriot Financial Manager, L.P. is registered as an investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

Item 2. Material Changes

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization, which are included herein.

The following is a discussion of only material changes since our brochure filing dated March 25, 2013:

- Updated Item 4 – General Information about Patriot – updated the adviser’s regulatory assets under management to reflect the new numbers as of December 31, 2013;
- Updated Item 5 – Fees and Compensation to address any board of director fees earned by the adviser for Patriot Fund II; and
- Updated Item 10 - Other Financial Industry Activities and Affiliations section to reflect the roles and responsibilities of Independence Capital Partners, LLC.

Item 3. Table of Contents

| | |
|--|----|
| Item 2. Material Changes | 2 |
| Item 3. Table of Contents..... | 3 |
| Item 4. General Information about Patriot Financial Manager, L.P. | 4 |
| Item 5. Fees and Compensation | 5 |
| Item 6. Performance-Based Fees and Side-By-Side Management | 6 |
| Item 7. Types of Clients..... | 7 |
| Item 8. Methods of Analysis, Investment Strategies and Risk of Loss | 7 |
| Item 9. Disciplinary Information | 16 |
| Item 10. Other Financial Industry Activities and Affiliations | 16 |
| Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ... | 18 |
| Item 12. Brokerage Practices | 19 |
| Item 13. Review of Accounts..... | 20 |
| Item 14. Client Referrals and Other Compensation..... | 20 |
| Item 15. Custody | 21 |
| Item 16. Investment Discretion..... | 21 |
| Item 17. Voting Client Securities..... | 21 |
| Item 18. Financial Information | 21 |

Item 4. General Information about Patriot Financial Manager, L.P.

Patriot Financial Manager, L.P., (“Patriot”) is a private equity fund management firm focused on investing in community banks, thrifts and other financial services related companies throughout the United States.

Patriot was co-founded in 2007 by Ira M. Lubert, Kirk Wycoff and James Lynch (collectively, “the Managing Partners”). Messrs. Lubert, Wycoff and Lynch collectively have over 60 years of entrepreneurial and banking experience.

Patriot’s investment team consists of more than 10 experienced investment professionals with backgrounds in banking and the financial services industry. In addition, many on the Patriot investment team have worked together since the firm’s inception.

Patriot provides investment management services exclusively to its funds that are privately offered pooled investment vehicles (“Patriot Funds” or “Funds”), generally organized as limited partnerships, to which each Fund’s general partner is an affiliate of Patriot. No Fund’s shares are offered hereby and each Fund is open for investment only via a “private offering.” The Funds are intended only for investment by “accredited investors”, “qualified clients” and “qualified purchasers” as those terms are defined under the Federal securities laws. References herein to Patriot may include, as the context requires, various entities controlled by Patriot or its principals and partners, and through which Patriot provides investment management services, such as entities that serve as general partners.

In pursuit of each Fund’s investment objectives, Patriot invests primarily in both public and private community banks and financial services firms whose businesses are “closely related” to banking (including financial services companies such as finance companies, asset management companies, and technology companies related to the financial services industry). Each Fund’s investment objective aims to provide investment returns net of fees and expenses as described in further detail in each of the Fund’s organizational documents, offering documents, management and advisory agreements (collectively, the “Governing Documents”).

Though Patriot utilizes a similar strategy for all of its Funds, it will tailor advisory services to the specific needs of the Funds in accordance with the investment objectives, strategies and limitations (if any) described in each of the Fund’s Governing Documents; not to the individual investors of the Funds. From time to time, Patriot may enter into side agreements, commonly known as “side letters,” with certain investors under which Patriot may agree to waive or modify the application of certain investment terms applicable to such investor, without obtaining the consent of any other investor in the Funds, other than such an investor whose rights would be materially and adversely changed by such waiver or modification.

Assets under Management – As of December 31, 2013, Patriot manages \$557,049,712 in regulatory assets under management on a discretionary basis.

Item 5. Fees and Compensation

Management Fee - Patriot does not have a standard fee schedule for its advisory services. The specific terms of Patriot's compensation by each Fund are dictated by the Fund's Governing Documents and any other applicable agreements (such as side letters or waivers). Each Fund generally pays a management fee (the "Management Fee") quarterly in advance. The Management Fee is based on a percentage of assets invested in or committed to a Fund by its investors, and may vary based on the stage of investment of the Fund and the amounts committed to the Fund by its various investors. The Funds' Management Fee is typically 2% which may be negotiated lower for certain investors based on the size of the investor's commitment to a Fund.

Patriot may elect to waive or defer a portion or all of the Management Fee. If any Management Fee is waived, Patriot can be entitled to receive a priority allocation of a Fund's profits equal to the amount of the waived Management Fee and either a cash distribution of such amount or, if it so chooses, to be given credit for the waived amount against its commitment. In addition, Patriot reserves the right not to charge itself, employees of Patriot or its affiliates all or a portion of the Management Fee with respect to their respective investment commitment.

In the event that a Fund's investment advisory agreement with Patriot terminates during a period covered by Management Fees paid in advance, Patriot would pro rate such Management Fee and reimburse the portion of such Management Fee covering the remainder of the period.

Carried Interest - Patriot is also entitled to receive a portion of distributions from the disposition of portfolio securities and other current income of a Fund, net of partnership expenses. However, Patriot's distribution entitlement is subject to certain conditions such as the prior return of capital to Fund investors and/or prior payment to Fund investors of a certain preferential rate of return on invested capital. Certain of these distributions are referred to as the "Carried Interest." A Carried Interest is charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"). Carried Interest is paid upon the distribution of proceeds generated by the dispositions of each Fund's portfolio investments.

For administrative purposes, Patriot is not obligated to make any distributions to Fund investors until such time as an aggregate amount exceeds a monetary threshold level as described in each of the Fund's Governing Documents. Furthermore, subject to certain provisions, Patriot may, in its sole discretion, make distributions either in cash or in-kind, as well as, postpone part or all distributions.

Certain investors in the Funds, who are generally related persons, employees, partners of Patriot or affiliated firms may not be subject to a Management Fee and/or Carried Interest in connection with their investment in the Funds.

Patriot's compensation described above is deducted from the assets or distributions of the Fund as investors are not separately billed for any services.

Other Fees Received - On occasion, Patriot may receive supervisory, acquisition, disposition, break-up, origination, or other transaction fees in direct connection with a Fund's portfolio investment ("Transaction Fees"). In the event that Patriot or its affiliates receive any such Transaction Fees, they may be used to offset the Management Fee or otherwise be credited to, or shared with, in a manner more fully described in each of the Fund's Governing Documents. For Patriot Fund II, any board of director fees earned are retained by Patriot and not paid to the Fund II or utilized to offset the Fund's Management Fee.

Fund Expenses - Each Fund generally pays all offering and organizational expenses incurred in the formation, origination and syndication of the Fund and the related entities up to a certain maximum limit set forth in each Fund's Governing Documents, including, but not limited to, legal, travel, lodging, meals and entertainment, side letter reviews and negotiations, accounting, and printing.

Furthermore, each Fund generally pays all expenses related, but not limited to, its activities, including all costs related to the investigation, research, purchase and sale (whether or not consummated) and holding of investments, legal, auditing, tax and accounting fees, insurance, litigation expenses, third party consultants' fees, report preparation fees, including internal costs of preparing reports and internal and third party printing and copying costs, costs and expenses associated with Partners' meetings and mailings and other committee meetings, (e.g., advisory committee), and other operating expenses of the Fund.

The Funds may also incur brokerage commission fees and other transaction costs. For more information on brokerage, see Item 12 Brokerage Practices. Fund investors are not directly charged with fees or expenses, but in effect pay their pro rata share of any fees or expenses charged to the Fund.

Patriot does not receive compensation for the sale of Fund interests. However, on occasion, Patriot may receive Transaction Fees in direct connection with the Fund's portfolio investments, and these fees may be used to offset the Management Fee or otherwise be credited to the Fund.

The above list of fees and expenses is not intended to be exhaustive; existing and prospective investors in the Funds are advised to review the Fund's Governing Documents for a more extensive description of the fees and expenses.

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

As described above, Patriot may be paid a Carried Interest distribution. Patriot's Managing Directors, affiliated entities and certain of its employees will receive incentive compensation, which is tied explicitly to the performance of a particular Fund, and such compensation will continue to be earned based upon the performance of a Fund's

portfolio as a whole, rather than that of individual transactions. The existence of the Carried Interest may create an incentive for Patriot to cause a Fund to make riskier or more speculative investments than would be the case in the absence of the Carried Interest.

Each of the Patriot Funds will have a similar compensation structure which includes a Management Fee and Carried Interest distribution, as described above. Patriot's compliance policies and procedures and code of ethics prohibit the favoring of one Fund over another or considering Patriot's financial interest when providing investment advice to the Funds. Additionally, Fund Governing Documents will typically limit the ability of the Managing Partners to launch another pooled investment vehicle with the same primary investment objective until a substantial portion of the existing Fund has been invested, committed, expended or reserved or until that Fund's investment period has expired.

Item 7. Types of Clients.

Patriot provides discretionary investment advisory services to its Funds that are privately offered pooled investment vehicles (generally limited partnerships). Each Fund investor is required to meet certain suitability qualifications, such as being "accredited investors", "qualified clients" and "qualified purchasers" within the meaning set forth under the Federal securities laws. Investors in the Funds may include, but are not limited to, pension plans, corporate and business entities, endowments and foundations, trusts, and high net worth individuals. The Funds require minimum capital commitments from investors and under certain circumstances may be negotiable at some discretion of Patriot. Patriot has the discretion to waive or reduce the minimum initial investment or commitment and may have done so for certain investors. Required commitments by Patriot may be funded by contributions from its Managing Partners, employees, affiliates and others.

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

Investment Strategies - Patriot's investment strategy is generally to provide risk-adjusted returns by applying a hands-on, value-added investment model. Patriot on behalf of its Funds plans to invest primarily in both public and private community banks and financial services firms whose businesses are closely related to, or closely aligned with, banking (including financial services companies such as finance companies, asset management companies, and technology companies related to the financial services industry). Investors should be aware that there can be no assurance that Patriot's investment strategy used to obtain an investment objective will achieve any particular returns or avoid a loss. A Fund's ability to achieve returns will depend on a variety of factors, many of which are beyond its or Patriot's control.

Investment in private equity funds involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments and Fund investors must be prepared to bear the risk of a complete loss of their investments. Material investment risks relating to

Patriot's methods of analysis and investment strategies are noted below, each of which are described in more detail in the applicable Fund's Governing Documents:

No Assurance of Investment Return - Patriot cannot provide assurance that it will be able to choose, make and realize gains on investments in any particular portfolio company. There is no assurance that its Funds will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions. There can be no assurance that projected or targeted returns will be achieved or that any distribution will be made to the investors.

Concentration of Investments - The Funds generally participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be materially and adversely affected by the unfavorable performance of a single investment.

Focused Investment Strategy - The Funds will be focused on investments in the financial services industry, and community banks in particular, and, thus, may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause Fund investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader industry focus.

Market Conditions May Dramatically Affect Fund Investments - Volatile market conditions at various times have had a dramatic effect on private investments. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of Fund investments. Such events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the U.S. or abroad. Any of these occurrences could have a significant impact on the operating results of community banks, and, in turn, on the return of Fund investments.

Market Price Fluctuations - General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments. Many of the companies in which the Funds will make investments may be susceptible to economic slowdowns or recessions. An economic slowdown may affect the ability of a company to engage in a liquidity event such as a sale, recapitalization, or initial public offering. The value of each Fund's portfolio is likely to decrease during these periods and could lead to financial losses. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of each Fund's investments. Furthermore, certain losses resulting from these types of events are uninsurable. Such events could cause consumer confidence and spending to decrease or result in increased

volatility in the U.S. and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the U.S. and abroad.

Market for Investments in Securities is Volatile - The Funds may acquire investments through the acquisition of stock, securities or other interests in which there is no public market or there is limited trading in such securities. There can be no assurance that an active trading market for such securities will develop or, if developed, be sustained. If a market for investments does not exist or is limited, a Fund may have difficulty selling or disposing of such investments. Even if a market for such securities exists or develops, it may not provide significant liquidity or trade at prices advantageous to a Fund. Compliance with rules and regulations that restrict the trading of securities of companies where a Fund maintains a board of director representative or similar inside position may also restrict the timing of an exit strategy or the disposition of investments. Such limitations may restrict the ability of a Fund to liquidate investments or realize an exit price in accordance with a Fund's business plan and such events may limit the returns to investors.

Risk and Illiquid Investments - The Funds' performance will be dependent on the growth and performance of the portfolio companies in which the Funds invest, some of which may be troubled or have little operating history. The success of these companies will be subject to factors over which the Funds will have little or no control, including without limitation for risks identified in the preceding risk factors. It is anticipated that investments in portfolio companies generally will be highly illiquid in nature. Resale of securities in which the Funds invest will generally be restricted by applicable securities laws, and there will generally be no public market for such securities. Purchase of Fund interests should be considered a long-term investment. Investors may not withdraw capital from the Funds. Transfer of the interests is subject to significant restrictions. Interests are not transferable except with the consent of Patriot under certain conditions and there is no public market for Fund interests.

Because of various restrictions and the absence of a public market for Fund interests, an investor may be unable to liquidate its investment even though its personal financial circumstances would make liquidation advisable or desirable. Fund interests will not be readily acceptable as collateral for loans.

Investment Strategy that includes Privately Held Companies Presents Certain Challenges - The Funds will invest in privately-held companies. Generally, very little public information exists about these companies, and the Funds will be required to rely on the ability of Patriot to obtain adequate information to evaluate the potential returns from investing in these companies. Moreover, these companies typically depend upon the management talents and efforts of a small group of individuals, and the loss of one or more of these individuals could have a significant impact on the investment returns from a particular portfolio company.

Also, these companies frequently have less diverse product lines and a smaller market presence than larger competitors. They are, thus, generally more vulnerable to economic downturns and may experience substantial variation in operating results.

Unidentified Portfolio Assets - An investment in the Funds represents an investment in the ability of Patriot to select appropriate investments on behalf of the Funds rather than an investment in a specific portfolio of assets. Investors will not have the opportunity to evaluate personally the relevant economic, financial and other information that will be utilized by Patriot in their selection and evaluation of additional investments. There can be no assurance that the Funds will be able to identify and complete investments or that Funds' investments will be assessments.

Troubled Companies - The Funds may invest in portfolio companies that are in various stages of correcting previous operational or regulatory problems. Some or all of these companies may operate at a loss or with substantial variation in operating profits and losses from period to period, and may have a need for substantial additional capital to support expansion or to achieve or maintain a stable operating position. If turnarounds are not achieved, these portfolio companies could experience failures or substantial declines in value, and a Fund may not be able to divest itself of such unprofitable investment in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons.

Minority Investments in Portfolio Companies - The Funds may invest in minority positions of companies and in companies for which the Funds have no right to appoint a director or otherwise exert significant influence. In such cases, each Fund will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom each Fund is not affiliated and whose interests may conflict with the interests of each Fund. If the Funds do not maintain a controlling interest, the Funds may be subject to the discretion of one or more third parties as to the management of such companies. These parties may execute a management plan or make strategic judgments that differ from that of a Fund, in which case, the performance of a Fund's investment may be subject to the decisions of such parties. There can be no assurance that the existing management team, or any successor, of a portfolio company will be able to operate the portfolio company in accordance with each Fund's plans.

Lending - The risk of non-payment (or delayed payment) of loans is inherent in community banking, and such non-payment or delayed or deferred payment, if it occurs, may have a material adverse effect on the earnings and overall financial condition of the Funds' portfolio companies, as well as on the value of their securities. In addition, the marketing focus of the Funds' portfolio companies of community banks and middle market financial services companies may result in

the assumption of certain lending risks that are different from and greater than loans made to larger companies.

Community Banks Face Intense Competition - Banking is a highly competitive industry. This is particularly true for community banks and de novo banks, which must compete with established financial institutions. In addition, competition also comes from other businesses which provide financial services, including consumer loan companies, credit unions, mortgage brokers, insurance companies, securities brokerage firms, money market mutual funds, internet banks and private lenders.

Bank Performance is Significantly Dependent on Economic Conditions and Related Uncertainties - Commercial banking is affected, directly and indirectly, by domestic and international economic and political conditions and by governmental monetary and fiscal policies. Conditions such as inflation, recession, unemployment, volatile interest rates, real estate values, governmental monetary policy, international conflicts, the actions of terrorists and other factors beyond a banking organization's control may adversely affect its results of operations. Moreover, because community banks generally serve a limited primary trade area, adverse economic conditions in the region served by a community bank could adversely affect such banking organization's ability to attract deposits and make loans, as well as result in an increase in loan delinquencies, foreclosures and nonperforming assets and a decrease in the value of the property or other collateral which secures loans, all of which could adversely affect a banking organization's results of operations.

Bank Performance is Significantly Affected by Changes in Interest Rates - The operations of banking institutions are dependent to a large extent on net interest income, which is the difference between the interest income earned on interest-earning assets such as loans and investment securities and the interest expense paid on interest-bearing liabilities such as deposits and borrowings. Changes in the general level of interest rates can affect net interest income by affecting the difference between the weighted average yield earned on interest-earning assets and the weighted average rate paid on interest-bearing liabilities, or interest rate spread, and the average life of interest-earning assets and interest-bearing liabilities. Changes in interest rates can also affect, among other things, the ability to originate loans, the value of interest-earning assets and the ability to realize gains from the sale of such assets; the ability to obtain and retain deposits in competition with other available investment alternatives; and the ability of borrowers to repay adjustable or variable rate loans. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond a Fund's control.

Banking Institutions Face Significant Operational Risk - Financial holding companies, bank holding companies, banks, savings and loan holding companies,

thrifts and their subsidiaries and affiliates (collectively, “banking institutions”) are exposed to many types of operational risk, including reputation risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record-keeping errors or those resulting from faulty or disabled computer or telecommunications systems. Negative opinion can result from a banking institution’s actual or alleged conduct in any number of activities, including lending practices, corporate governance and acquisitions and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect a banking institution’s ability to attract and keep customers and can expose it to litigation and regulatory action.

Banking Institutions are Subject to Extensive Federal and State Banking Regulations - If a Fund acquires a controlling investment in (i) one or more banks or bank holding companies it may, although it is not its current intent to do so, become a bank holding company under the Bank Holding Company Act of 1956, as amended (“BHC Act”), or (ii) one or more savings associations or savings and loan holding companies it may become a savings and loan holding company under Section 10 of the Home Owners’ Loan Act, as amended. In each case, a Fund would become subject to regulation, supervision and examination by the FRB. Bank holding companies and savings and loan holding companies are together referred to herein as “depository institution holding companies.” Each of the portfolio companies also will be subject to extensive regulation, supervision and examination under federal banking laws and regulations regardless of whether a Fund becomes a depository institution holding company.

Banking institutions and other financial institutions operate in a highly regulated environment and are subject to extensive federal and state legal and regulatory restrictions and limitations and to regulation, supervision and examination by regulatory authorities. Regulation of these banking institutions is intended primarily for the protection of depositors, the deposit insurance fund of the Federal Deposit Insurance Corporation (“FDIC”) and the banking system as a whole. The regulation is not intended for the protection of shareholders or other investors and in some instances may be contrary to their interests.

Insured depository institutions and their holding companies are subject to changes in federal and state laws, as well as changes in regulations, governmental policies and accounting principles. The laws and regulations governing financial institutions in general, and the commercial banking industry in particular, have been modified substantially in recent years, and additional changes are likely.

Potential Concentration of Voting Power – Fund investors will be able to vote on matters concerning their respective Funds only in a very limited set of circumstances, such as removing Patriot or terminating the commitment period in certain circumstances. Patriot will control most decisions, including decisions

relating to the day-to-day operations of the Funds. Even in situations where investors vote on a Fund matter, a small group of investors with relatively large commitments could have the requisite percentage of votes to determine the outcome of such decisions (although the concentration of voting power will not be known until a Fund conducts a closing). Such a concentration of voting power, if it occurs, could have the effect of limiting the ability of investors with relatively smaller commitments to have a meaningful vote on matters requiring a vote of investors.

Limited Recourse Against Patriot - The Fund's Governing Document limit the circumstances under which Patriot or its affiliates will be held liable to the Funds. As a result, investors may have a more limited right of action in certain cases.

Consequences of Default - If investors fail to fund their commitment obligations or make their required capital contributions when due, the Fund's ability to complete its investment program or otherwise continue operations may be substantially impaired as an investor's failure to fund such amounts when due is an event of default. A default by a substantial number of investors may severely limit opportunities for investment diversification and would likely reduce returns to a Fund. A default by any single investor could result in substantial costs to a Fund if such default causes a Fund to fail to meet its contractual obligations or if Patriot has to pursue remedial action against such investor. A default will have significant adverse consequence to the defaulting investor.

Time Required to Maturity of Investment - Generally, there will be no readily available market for a substantial number of investments made by the Funds. Disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors. It is anticipated there will be a significant period of time before a Fund realizes its investments in portfolio companies. Such investments may typically take several years from the date of the initial investment to reach a state of maturity when realization of the investment can be achieved, but it also may take longer. Transaction structures typically will not provide for liquidity of a Fund's investment prior to that time.

Foreign Investment - A Fund may invest, to a limited extent, in companies located outside the U.S and overseas investments may entail risks not present in U.S. markets. These risks include the possibilities that foreign markets may not be as developed or efficient as those in the U.S., that securities of some foreign issuers may be less liquid than those of comparable U.S. issuers, that volume and liquidity in most foreign markets are less than in the United States, and that at times volatility of price can be greater than in the United States. In addition, applicable regulations may be less stringent or different than in the U.S., less information may be publicly available, and non-U.S. issuers may not be subject to accounting and financial reporting standards, practices and requirements comparable to those applicable to U.S. issuers. Moreover, since evidences of ownership of such instruments may be held outside the United States, a Fund may

be subject to additional risks, including possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions, which might adversely affect payments on foreign instruments or might restrict payments to foreign investors.

Competition for Investments - Each Fund expects to encounter competition from other entities with similar investment objectives. Potential competitors include venture capital funds, angel investors, corporate venture programs, private equity funds and mezzanine funds, investment banks and other equity and non-equity based investment funds, and other sources of financing, including traditional financial services companies such as commercial banks. Some of these competitors may have more relevant experience, greater financial resources and more personnel than Patriot. Additionally, such competitors may also be able to accept more risk than the Funds can prudently manage. Increased competition would make it more difficult for each Fund to purchase or originate investments at attractive prices. In addition, the Funds may make investments in foreign markets, which would add a new level of competition. As a result of this competition, a Fund may be limited in or precluded from making otherwise attractive investment.

Third-Party Participants - The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks not present in investments with no third-party involvement, including the possibility that a co-venture or partner of a Fund may at any time have economic or business interests or goals that are inconsistent with those of a Fund or may be in a position to take action contrary to a Fund's investment objectives.

Limitation on Fund Management - Investors have no rights or powers to participate in the management of the Funds or to otherwise participate in making decisions that may materially affect the value of their investment. Accordingly, no person should purchase interests in a Fund unless such person is willing to entrust all aspects of the management of the Fund to Patriot.

Funds are Dependent on Management - Decisions with respect to the management of a Fund will be made by Patriot. The success of a Fund will depend on the ability of Patriot to identify and consummate suitable investments, to improve the operating performance of the portfolio companies and to dispose of investments of a Fund sufficient to produce required returns. The loss of the services of one or more of the senior investment professionals providing service to Patriot could have a material adverse impact on a Fund's ability to realize its investment objectives.

Uninsured Losses - Patriot will attempt to maintain insurance coverage against liability to third parties as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. In addition, there can be no assurance that the particular

risks, which are currently insurable, will continue to be insurable on an economic basis. Because each Fund is a pooled investment fund, the assets of the Funds may be at risk in the event of an uninsured liability to third parties.

Liabilities Upon Disposition - In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. The Funds may also be required to indemnify the purchasers of their investments or other third parties to the extent that any such representations prove inaccurate.

Tax Considerations - An investment in a Fund may involve complex U.S. federal income tax considerations that will differ for each investor. Under certain circumstances, investors could be required to recognize taxable income in a taxable year for U.S. federal income tax purposes, even if a Fund either has no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income. Funds may not make any distributions to their investors, and an investor's tax liability attributable to an investment in a Fund may in a given tax year exceed the cash distributed. Funds may invest in entities which would cause them to have to report taxable income for U.S. Federal income tax purposes prior to the time the Fund receives distributions from such investments.

Other Regulatory Risks - Each Fund relies on various exemptions from federal and state statutes and rules, such as ERISA, the Investment Company Act of 1940 ("1940 Act") and the Securities Act of 1933 (the "Securities Act"), to operate without having to register under such statutes and rules. Loss of any such exemption, or a change in these statutes and rules or certain others, such as the Advisers Act, anti-money laundering rules, and the U.S. Internal Revenue Code, could impact a Fund's ability to continue to operate as it currently does. A Fund's exemption from certain investor protection laws means that a Fund's investors do not have the benefit of protections afforded by such laws, including ERISA, the 1940 Act and the Securities Act.

Conflicts of Interest - Conflicts may arise in instances where the interests of Patriot and its affiliates may conflict with the interests of the Funds and the investors. Fund investments are also subject to various conflicts of interest, including those between co-investors in specific projects, between various investors in a Fund, and between Patriot and a Fund. Prospective investors are advised to review the applicable Fund offering documents that discuss the conflicts of interests when investing in a Fund. Additional conflicts of interest information is described below in Item 10.

Item 9. Disciplinary Information

Neither Patriot nor any of its employees have been involved in the past ten years in any legal or disciplinary event that Patriot believes is material to an investor or prospective investor in their evaluation of Patriot's advisory business or management.

Item 10. Other Financial Industry Activities and Affiliations

Patriot has financial relationships and arrangements that are material to Patriot's advisory business with the following entities:

Patriot will utilize Independence Capital Partners, LLC ("ICP"), an affiliated entity, to provide certain non-investment services such as compliance, accounting and tax support, information technology and insurance. ICP also provides similar services to its other affiliated investment advisory firms which include: Lubert-Adler Management Company, L.P.; LLR Management, L.P., Quaker Partners Management, L.P. (an exempt filer); LBC Credit Management, L.P.; and LEM Capital, L.P. (collectively, the "ICP Affiliate Firms"). Each ICP Affiliate Firm is separately managed by its partners and investment professionals and offers advisory services to private investment funds focused on varying assets classes.

Mr. Lubert, a Managing Partner of Patriot has ownership in and partnership responsibilities in ICP, all of the ICP Affiliate Firms, their private funds and other investment funds and operating businesses. It should be noted that these ICP Affiliate Firms engage in and will continue to engage in the management of private equity, debt, and real estate investments.

Allocation of Time Commitment by Partners - Messrs. Wycoff and Lynch will, during the commitment period of a Patriot Fund, devote substantially all of their business time to the management of that Fund. Thereafter, they will devote such business time to the management as is necessary to perform their duties. Mr. Lubert is a principal or partner of several other ICP Affiliate Firms, and he has several investments in operating businesses and may become involved as a principal in future pooled investment funds. All of these activities will limit the amount of time Mr. Lubert will be able to devote to Patriot.

Serving as Board Member or Director - Managing Partners and Directors of Patriot may serve as members of various boards of directors, including in Mr. Wycoff's case, as Chairman of the Board of Continental Bank Holdings, Inc., and the time they spend in connection with such board activities will reduce the time they devote to Patriot. Such directorships also may create potential conflicts relating to potential investments of which they become aware. In addition, in the ordinary course of business, a Fund may maintain deposit accounts with banks in which a Fund invests or with which a Fund or Managing Partner has an ongoing relationship.

Co-Investments Between Funds - Co-investment opportunities which are subject to certain restrictions may arise that are appropriate for co-investments by the Funds and are

more fully described in each the Fund's Governing Documents which all investors are encouraged to read carefully before investing.

Co-Investment Opportunities between the Funds and ICP Affiliate Firms - Certain potential investment opportunities that may be appropriate for the Patriot Funds also may be appropriate for one of the ICP Affiliate Firms funds or for co-investment by both a Patriot Fund and a fund managed by the other ICP Affiliate Firms. Although Patriot does not believe that there will be significant overlap of investment opportunities between the Funds and other ICP Affiliate Firms funds, however, in situations in which overlap opportunities do exist, potential conflicts exist as to the allocation of such investment opportunities between, or the terms and conditions of any co-investment by, such entities.

In these situations, the investment opportunity may need to be cleared by a conflict resolution procedure as described below before any such investment can be made by a Patriot Fund. There can be no assurance that the resolution procedure established will clear the conflicts so that the investment can be made by a Fund. Accordingly, there may be situations in which investment opportunities that otherwise would be appropriate for a Patriot Fund cannot be made. Each ICP Affiliate Firm's investment team that first sourced or originated the opportunity may invest in the opportunity without offering it to the other ICP Affiliate Firms. If an ICP Affiliate Firm does not invest in an opportunity it sources or originates, the other ICP Firms may be offered the opportunity to make the investment.

If Patriot determines in its reasonable discretion that it would be advantageous to co-invest in an opportunity with one or more other ICP Affiliate Firms funds, then the Fund may co-invest with another ICP Affiliate Firms' funds on a *pari passu* basis (that is, in the same security and in the same financing round). These co-investment opportunities may be subject to the approval of the co-investing ICP Affiliate Firms' advisory committees or executive boards in accordance with their respective Fund's Governing Documents. A Fund expects that the co-investment amounts by the ICP Affiliate Firms funds will be determined in the reasonable discretion by Patriot or the investment teams of the other applicable ICP Affiliate Firms funds in view of the amount made available for co-investment by the investment team who initially sourced or originated the deal and the relative available capital, investment objectives, financing capacity and diversification limits of each fund participating in the co-investment. As a result of this conflict resolution process, the amount a Fund invests in a particular co-investment opportunity may be less than it otherwise would be willing and able to invest, and in certain cases, a Fund may be required to forego certain investment opportunities that otherwise would be appropriate. In addition, co-investment by other ICP Affiliate Firms may curtail their co-investment opportunities available to investor.

Co-Investments with Non-related Third Parties - Patriot may enter from time to time into investments with other third party sponsors and syndicators of other non-related pooled investment vehicles.

Cross Trades, Principal Trades and Personal Transactions - Patriot Funds may not acquire any securities from or sell any securities to any of its affiliates, other than the respective parallel funds as set forth in each of the Fund's Governing Documents, without advisory committee approval.

No Managing Partner or employee may invest directly in a portfolio company in which a Fund can invest without seeking pre-approval as required by Patriot's code of ethics. Additionally, no Managing Partner or employee may acquire portfolio securities issued by a public company without preapproval as required under Patriot's code of ethics. Patriot's Managing Partners and employees may hold, and will continue to hold, investments in financial institutions and banks that they made prior to being employed by Patriot or before a portfolio company security was being actively considering as an investment for a Fund.

Taxable and Non-Taxable Entities - Investors in the Patriot Funds are expected to include both taxable and tax-exempt entities. In addition, investors likely will include persons and entities organized in various jurisdictions. As a result, decisions made by Patriot may create conflicts of interest among such investors because those decisions may be more beneficial for one type of investor than for another. In selecting investments that are appropriate for a Fund, Patriot will consider the investment objectives of each Fund as a whole and not the investment objectives of any individual investor.

Side Letters - Patriot and its Funds may from time to time enter into other written agreements or side letters with one or more investors whereby, in consideration for agreeing to invest certain amounts in a Fund and other consideration deemed material to a Fund, such investors may be granted rights not otherwise afforded to other investors. These side letters may entitle an investor to make an investment in a Fund on terms other than those described in the Funds' Governing Documents. Any such terms, including with respect to (i) reporting obligations; (ii) transfer rights to affiliates; (iii) withdrawal rights due to adverse tax or regulatory events; (iv) consent rights to certain partnership agreement amendments; or (v) any other matters described in Funds' Governing Documents may be more favorable than those offered to any other investor. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the partnership agreement with respect to such investor.

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

Patriot has adopted a written Code of Ethics (the "Code") that is applicable to all of its Managing Partners, officers, employees and applicable consultants ("Access Persons") and is designed to comply with Rule 204A-1 of the Advisers Act. Patriot's Code is based upon the premise that Patriot and its Access Persons have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service and put the interests of its Funds first. The Code requires all Access Persons to i) comply with all applicable laws and regulations; ii) observe all fiduciary duties and put Fund interests ahead of those of Patriot; iii) observe Patriot's personal trading policies so as to avoid "front-running" and other conflicts of interests between Patriot

and its Funds; iv) report any perceived violations of the Code; and v) ensure that they have read the Code, agreed to adhere to the Code, and are aware that a record of all violations of the Code will be maintained by Patriot's CCO.

The Code governs the securities trading and investment activities of all Access Persons for their own personal accounts. All Access Persons must first seek pre-clearance for personal trades in covered securities, as defined in the Code. Access Persons must also seek preapproval when participating in a private placement transactions or initial public offerings ("IPOs"). A pre-clearance request will be denied if such securities or an issuer is (i) under consideration for investment by a Patriot Fund; (ii) is held by a Patriot Fund; (iii) Patriot or its affiliates are in receipt of material non-public information regarding the issuer; or (iv) another potential conflict has been determined.

Under the Code, Access Persons are also required to file certain periodic reports and certifications with Patriot's Chief Compliance Officer. A copy of the Code is distributed to each Access Person at the time of hire and annually thereafter. Employees are also required to attend annual Code of Ethics training and certify that they are in compliance with the Code. Access Persons who violate the Code can be subject to sanctions by Patriot's Compliance Committee, including possible employment termination. A copy of the Code is available upon request from Patriot's Chief Compliance Officer, Michelle Vaughn at mvaughn@patriotfp.com.

Managing Partners, certain employees, affiliated persons of Patriot and others may invest in the Funds, either through a general partner affiliate or as direct investors in the Funds. Patriot, as applicable, may reduce all or a portion of the Management fee and/or Carried Interest related to investment held by such persons.

Item 12. Brokerage Practices

Patriot does not maintain a traditional trading desk to buy and sell publicly traded securities similar to investment advisers who routinely transact in publicly traded securities for separately managed accounts. However, to meet its fiduciary duties to the Funds, Patriot has adopted written policies to address issues that might arise with respect to purchasing, holding or selling publicly traded securities and seeking best execution for such transactions.

For each of the Funds, Patriot has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect such transactions. In placing each transaction for a Fund involving a broker-dealer, Patriot will seek "best execution" for all such trades. "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. In order to monitor best execution, Patriot will periodically monitor broker-dealers and transactions to assess the quality of execution of publicly traded securities affected on behalf of the Fund.

In the event that a Fund incurs a trade error involving a publicly traded security transaction, such error is to be corrected by Patriot as soon as practicable and in a manner such that such Fund incurs no financial loss.

The Funds also invest in privately negotiated transactions (e.g., private investment in public equity) where the terms of such transactions are determined in negotiations between Patriot and the portfolio company. Patriot seeks to have all its privately negotiated transactions executed in the best interest of its participating Funds, taking into account various factors such as the cost, size, competency, market activity and availability of supply.

Patriot does not participate in or accept soft dollar benefits or commission sharing arrangements. However, Patriot does utilize a third-party electronic database system that provides banking and other financially related information, but fees associated with the use of it is paid out-of-pocket and not with soft dollars. Additionally, Patriot does not direct brokerage in exchange for referrals.

Patriot recognizes its fiduciary duty to act in the best interest of the Funds. In instances when Patriot may be in a position to allocate investment opportunities to more than one Fund at a time, it will use reasonable efforts to ensure that each Fund is allocated its share in a manner as described by each of the Funds' Governing Document and further noted in Item 10.

Item 13. Review of Accounts

Oversight and Monitoring - Patriot's investment team is responsible for reviewing and monitoring each of the Fund's investments on a continuous basis. This investment team includes Patriot's Managing Partners principals, associates and analysts who communicate daily and meet weekly to review the status of the Funds' portfolio holdings.

Reports to Investors - Fund's investors generally receive the following reports: (i) annual audited financial statements of the Fund, (ii) quarterly unaudited financial statements; (iii) quarterly commentary reports; and (iv) such other information as is necessary for the preparation of tax returns. Furthermore, each Fund generally holds an annual meeting of investors to review the status of the Funds.

Item 14. Client Referrals and Other Compensation

No person who is not a Fund or investor of Patriot provides an economic benefit such as sales awards or other prizes to Patriot for providing investment advice or other advisory services to the Funds. Furthermore, no commission, placement fee or other remuneration will be payable by the Funds to any person in connection with the offering and/or sale of Fund interests.

Patriot, not the Funds, may pay ICP, a related party, for the cost of certain employees (but not Managing Partners) engaged in capital raising activities but does not pay any nonrelated third party entities for such activities or referrals to the Funds.

Item 15. Custody

Patriot complies with the Advisers Act custody rules in the following manner: (i) each Fund is subject to audit by a registered independent accountant at least annually; (ii) each Fund distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors within 120 days of the end of its fiscal year; and (iii) upon liquidation each Fund will distribute its audited financial statements prepared in accordance with generally accepted accounting principles to all investors promptly after the completion of such audit. Certificated securities, as required by applicable law, will be placed in custody with a third party qualified custodian.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of Patriot, and not individually to the investors in the Funds. Investment restrictions for the Funds, if any, are generally established in each of the Fund's Governing Documents.

Item 17. Voting Client Securities

To the extent that any Fund holds voting securities, Patriot has the sole authority to direct the voting of such securities. The voting securities held by the Funds may generally entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly traded securities, the Funds generally have broad voting authority on a wide range of matters affecting these privately held issuers. Patriot votes such interests, on behalf of the Funds, in the economic interests of the Funds. When voting securities, Patriot considers relevant facts, which may include, among many others, the impact on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices. A Fund may decline to vote proxies when Patriot determines that the cost of voting the proxy exceeds the expected benefit to the Fund; and, in certain situations, the Funds may be subjected to passivity agreements with a banking regulator or commitments with the portfolio company to vote with company management. A copy of the Patriot's proxy voting policies, procedures and voting record are available upon request from Patriot's Chief Compliance Officer, Michelle Vaughn at mvaughn@patriotfp.com.

Item 18. Financial Information

Patriot does not require or solicit prepayment of fees six months or more in advance. Patriot is not subject to any financial condition that would likely impair its ability to meet contractual commitments to its Funds.