

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

**VICENTE CAPITAL PARTNERS, LLC**

**11726 San Vicente Blvd.  
Suite 300  
Los Angeles, CA 90049  
(310) 826-2255  
<http://www.vicentecapital.com>**

**August 14, 2014**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Vicente Capital Partners, LLC (f/k/a Growth Equity Advisors, LLC) (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (310) 826-2255. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

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

## **MATERIAL CHANGES**

This Brochure updates the Form ADV Part 2A filed on March 31, 2014. There are no material amendments to the prior filing.

No changes to this Brochure are material and are solely clarifying or updating changes to existing disclosures. The following sections were updated: Management Fee, Other Information, Conflicts of Interest and Custody.

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b><u>Brochure</u></b>	
Material Changes .....	i
Advisory Business .....	1
Fees and Compensation .....	2
Performance-Based Fees and Side-By-Side Management .....	4
Types of Clients .....	4
Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Disciplinary Information.....	10
Other Financial Industry Activities and Affiliations.....	10
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	10
Brokerage Practices .....	12
Review of Accounts .....	13
Client Referrals and Other Compensation.....	13
Custody .....	14
Investment Discretion .....	14
Voting Client Securities .....	14
Financial Information.....	15

## ADVISORY BUSINESS

Vicente Capital Partners is a private investment management firm, including several investment advisory entities and other organizations affiliated with the Management Company (collectively, “**Vicente**”).

The Management Company, a Delaware limited liability company and a registered investment adviser, provides discretionary investment advisory services to private investment funds. The Management Company commenced operations in August 2005.

Growth Equity Advisors, L.P., a Delaware limited partnership (the “**General Partner**,” and together with the Management Company, the “**Advisers**”) is an affiliated adviser of the Management Company. The Advisers’ clients include the following private equity funds (together, the “**Partnerships**,” and together with any future private investment funds to which Vicente or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Vicente Capital Partners Growth Equity Fund, L.P. (formerly KH Growth Equity Fund, L.P.) (“**VCP**”); and
- Vicente Capital Partners Friends’ Fund, L.P. (formerly GEF Friends’ Fund, L.P.) (the “**Friends Fund**”).

The General Partner serves as the general partner to each of the Partnerships and has the authority to make the investment decisions to the General Partner and the Partnerships. The final closing of the Partnerships took place in January 2009. The Management Company provides the day-to-day advisory services to the General Partner and the Partnerships. The General Partner is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Advisers which operate as a single advisory business and are under common control. References contained in this Brochure to the strategy and operations of the General Partner should be read to include the activities of the Management Company and other Vicente affiliates that collectively engage in the investment process and ongoing management of the Partnerships’ portfolio companies.

The Partnerships and any other Private Investment Funds that may be formed by the Advisers (or their affiliates) at a later date or that may otherwise become clients of the Advisers are expected to invest through negotiated transactions in operating entities. The Advisers’ investment advisory services to the Partnerships consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although limited investments in public companies are permitted under the Private Investment Funds’ Partnership Agreements (as defined below). The senior principals or other personnel of the Advisers or their affiliates generally serve on a portfolio company’s boards of directors (or similar bodies) or otherwise act to influence control over management of portfolio companies held by the Partnerships.

The Advisers' advisory services for Private Investment Funds are further described in the applicable private placement memoranda and limited partnership agreements, as well as below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion." Investors in Private Investment Funds participate in the overall investment program for the applicable Private Investment Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Private Investment Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Private Investment Fund's limited partnership agreement (the "**Partnership Agreement**").

As of December 31, 2013, the Management Company managed approximately \$215 million in client assets on a discretionary basis. The Management Company is principally owned by Joseph E. Ferguson, Nicholas C. Memmo and Klaus E. Koch.

## **FEES AND COMPENSATION**

In general, the General Partner receives a Management Fee (as defined below) and carried interest in connection with its advisory services to the Private Investment Funds. The General Partner or other Vicente entities or affiliates may receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring, transaction fees, closing fees, breakup fees, directors fees and other fees) of Private Investment Funds and such additional compensation will generally offset in whole or in part the Management Fees otherwise payable to the General Partner. Investors in a Partnership also bear certain fund expenses.

### **Management Fee**

During its respective investment period, each of the Partnerships pays the General Partner, quarterly in advance, a management fee (the "**Management Fee**") equal to 2.0% on an annual basis of each such Partnership's aggregate third-party investor capital commitments (the "**Commitments**"). Investors participating in a closing after the initial closing bear the Management Fee from the initial closing plus interest. Commencing with the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events as set forth in the applicable Partnership Agreement, the Management Fee will equal 2.0% of the aggregate contributions used to fund investments that have not been disposed of or completely written off; provided that partial dispositions of a portfolio company shall only be treated as dispositions to the extent the fair market value of the applicable Partnership's interest in such portfolio company is less than the Partnership's aggregate investment contributions made with respect thereto. The Management Fee will be payable over the term of each Partnership. Installments of the Management Fee payable for any period other than a full three-month period are generally adjusted on a *pro rata* basis according to the actual number of days in such period. Most of the Management Fees are ultimately paid over by the General Partner to the Management Company pursuant to a management agreement.

The Management Fee will be reduced by all placement fees and any organizational expenses paid by a Partnership in excess of the expense cap specified in the applicable Partnership Agreement. With respect to VCP, the Management Fee will be reduced by a portion

of (i) any directors' fees, financial consulting fees, monitoring fees or advisory fees earned further the General Partner or certain of its affiliates from portfolio companies; (ii) any transaction fees paid by portfolio companies to the General Partner or certain of its affiliates; and (iii) any break-up fees from transactions not completed that are paid to the General Partner or certain of its affiliates (such fees, "**Supplemental Fees**"). The General Partner or its affiliates may retain the remaining portion of such Supplemental Fees. To the extent that such an offset credit would reduce the Management Fee for a given Management Fee period below zero, the credit will be carried forward for future application against payable Management Fees. To the extent any such excess remains unapplied upon dissolution of the Partnership, each partner of VCP will receive its share of such unapplied excess, unless such partner elects not to receive its share.

### **Carried Interest**

The General Partner will receive a carried interest with respect to VCP equal to 20% of all realized profits, as more fully described in the Partnership Agreement. The carried interest distributed to the General Partner is subject to a potential giveback at the end of life of VCP if the General Partner has received excess cumulative distributions. The Friends Fund is not subject to a carried interest.

### **Other Information**

The General Partner may exempt certain investors in a Partnership from payment of all or a portion of Management Fees and/or carried interest, if applicable, including the General Partner and any other affiliate of the General Partner so designated by the General Partner. Any such exemption from Management Fees and/or carried interest may be made by a direct exemption, a rebate by the General Partner and/or its affiliates, or through other Private Investment Funds which co-invest with the Private Investment Funds.

The Partnerships and other Private Investment Funds invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the life of the relevant Partnership (or the relevant Private Investment Fund, as applicable), and investors generally are not permitted to withdraw or redeem interests in the relevant Partnership (or other relevant Private Investment Fund, as applicable).

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

In addition to the Management Fee and carried interest payable to the General Partner, each Partnership bears certain expenses. As set forth in the applicable Partnership Agreement, each Partnership bears all Partnership expenses to the extent not borne or reimbursed by portfolio companies, including (i) legal, auditing, consulting, financing, accounting (including for current or former internal Management Company staff) and custodian fees and expenses; expenses associated with the Partnership's financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of any advisory committee of industry professionals, any advisory committee of limited partners ("**LP**

**Committee**”) and annual meetings of the limited partners; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Partnership. The General Partner and the Management Company are responsible for all normal overhead expenses in connection with their day-to-day operations, including compensation for their employees (other than as paid by portfolio companies) and expenses for office space. From time to time Management Company employees may leave the Management Company either permanently or on an interim basis in order to serve in certain roles at portfolio companies. In such event, the portfolio company will pay such person’s compensation and the Management Company will not treat such person as Management Company personnel or subject any compensation received by such person to a Management Fee offset. However, the Management Company may in certain cases reduce amounts payable as Supplemental Fees in whole or in part. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

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

As described under “Fees and Compensation,” the General Partner receives a carried interest allocation on certain profits of VCP. The Advisers also advise the Friends Fund, which was formed to allow certain investors associated with Advisers or their affiliates to invest in portfolio investments made by the Partnership and other Private Investment Funds. The Friends Fund is not subject to carried interest. This practice could present a conflict of interest because the Advisers have an incentive to favor accounts for which they receive a performance-based fee. Vicente addresses this potential conflict of interest by investing the Friends Fund in parallel with VCP, which is subject to carried interest. Such investments are generally made and disposed of on the same terms and on a pro rata basis.

#### **TYPES OF CLIENTS**

The Advisers provide investment advice to Private Investment Funds, including the Partnerships. Private Investment Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in Private Investment 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 the Advisers and their affiliates.

VCP generally has a minimum investment amount of \$5 million while the Friends Fund generally has a minimum investment amount of \$100,000. Such minimum investment amount may be waived by the General Partner. Interests in VCP are generally offered and sold solely to investors that are (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. Interests in the Friends Fund are offered and sold solely to sophisticated investors who are also accredited investors.

Certain limited partners of the Partnerships and other third party investors may be permitted to co-invest directly in a particular portfolio company or in a holdings company which holds the equity in the portfolio company directly. The Advisers will select which investors are permitted to participate in such co-investment opportunities 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. The Advisers are generally not obligated to make co-investment opportunities available to any particular investors or limited partners, subject to certain exceptions.

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

### **General**

Vicente is a private investment firm focused on making growth equity investments in late stage, rapidly growing private companies headquartered primarily in the United States. The Advisers' investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly made in non-public companies although investments in public companies are permitted.

The Advisers generally seek to make equity investments ranging between \$5 million and \$25 million in companies. The Advisers seek substantial minority interest investments where they can control major corporate actions or exercise influence over the management and the company's strategic direction, while maintaining the flexibility to also invest in small change-of-control situations. The Advisers expect that the Partnerships' investments will be over two-thirds in substantial minority interests ranging between 15% and 49%, and one-third in majority interests.

The following is a summary of the investment strategies and methods of analysis generally employed by the Advisers on behalf of the Partnerships. More detailed descriptions of the Partnerships' investment strategies and methods of analysis are included in the applicable private placement memorandum and Partnership Agreement for each Partnership. *There can be no assurance that the Advisers will achieve the investment objectives of the Partnerships, and a loss of investment may be possible.*

### **Investment and Operating Strategy**

*Deal Sourcing.* Vicente has established an extensive network of contacts throughout the United States that serves as a valuable resource for identifying and developing investment opportunities for the Partnership. The key relationships that have been developed include: (i) operating and financial executives; board members and co-investors of portfolio companies; (ii) entrepreneurs; (iii) service providers (regional and national law firms, accounting firms and recruiting firms); and (iv) investment bankers and other intermediaries focused on growth equity and small company buyouts. This network provides Vicente personnel with access to a flow of new investment opportunities that are outside of the traditional investment banking auction process. In addition to these key relationships, the Partnerships have established an advisory



panel comprised of leading executives with financial and operational expertise that the Partnerships utilize for deal sourcing, due diligence and portfolio company support.

*Structuring.* Vicente's growth equity investments are typically structured as convertible preferred stock that includes terms designed to provide downside protection as well as the ability to control major corporate actions or exercise influence over the management and the company's strategic direction. The Advisers generally insist on having substantial negative control provisions when they do not control the board of directors. These provisions typically include specific contractual rights to force an exit within five to seven years and prevent companies from taking any action outside of the normal course of business without the applicable Partnership's approval, including financings, geographic expansion or other significant change in the current business operations, capital expenditures that are not for routine maintenance purposes, debt incurrence, equity issuance and purchases or sales of assets.

*Proactive Approach.* Given the Partnerships' strategy of investing in relatively small enterprises experiencing significant growth, the Advisers will take a hands-on role in each of the portfolio companies. The Advisers expect to have board representation for all of its investments with Vicente personnel, in some cases, acting as chairman of the portfolio company's board of directors. The Advisers seek to add value to portfolio companies by (i) building competent management teams and boards of directors, (ii) advising on key strategic decisions such as completing add-on acquisitions, developing sales teams and investing in new locations, and (iii) undertaking initiatives with the goal of improving capitalization and exit decisions.

*Exit Strategy.* The Advisers' strategy is to invest in companies that they believe can be ready for exit within the three to seven year holding period, at which point strategic and financial buyers begin to take notice. The exit strategy typically involves a sale to a strategic buyer although such exit may involve an initial public offering. The Advisers seek to make investments in markets where strategic buyers have historically been highly acquisitive and often are willing to pay a premium for acquisitions based, in part, upon their ability to leverage their infrastructure to further develop and expand the acquired business. The Advisers further believe that, with the glut of middle market buyout funds aggressively pursuing new sources of deal flow, larger private equity funds are an important part of its exit strategy for the portfolio companies that reach revenue and profitability thresholds. In addition, as the Advisers assist their portfolio companies to attain levels of sufficient cash flow, some of these companies may be able to access the debt markets and become candidates for recapitalizations.

## **Risks of Investment**

A Partnership and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with the Advisers' investment strategy and an investment in a Partnership are detailed in VCP's private placement memorandum. In general, the risks applicable to each Partnership and the activities of the General Partner and the Management Company include, but are not limited to:

*Business Risks.* The Partnership's investment portfolio will consist primarily of securities issued by non-public troubled companies, and operating results in a specified period will be

difficult to predict. Such investments involve a high degree of business and financial risk which can result in substantial losses.

*Investment in Junior Securities.* The securities in which the Partnership 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 Partnership may participate in only a limited number of investments and may seek to make several investments in a limited number of industries or industry segments. As a result, the Partnership's investment portfolio could become highly concentrated, and the performance of a few investments may substantially affect its aggregate return.

*Lack of Sufficient Investment Opportunities.* It is possible that the Partnership will never be fully invested if enough attractive investments are not identified and ultimately procured. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. The Partnership will be competing for investment opportunities with other groups, including other private equity pooled-investment vehicles, direct investment firms and merchant banks and the Partnership may be unable to identify a sufficient number of attractive investment opportunities for the Partnership to meet its investment objectives. However, limited partners will be required to pay their pro rata portion of annual Management Fees during the investment period based on the limited partners' Commitments.

*Leveraged Investments.* The Partnership may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both the Partnership's opportunities for gain and its risk of loss from a particular investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Partnership's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Partnership's investments in the leveraged portfolio companies in a down market.

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

*Reliance on Portfolio Company Management.* Although the General Partner will monitor the performance of the Partnership'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.

*Projections.* Projected operating results of a portfolio company in which the Partnership invests normally will be based primarily on financial projections prepared by each such company's management. In all cases, projections are only estimates of future results that are based upon information received from the portfolio 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 such projections. Also, general economic factors (which are not predictable and are completely outside the control of Vicente, the General Partner and either of their respective employees and affiliates) can have a material effect on the reliability of projections.

*Need for Add-On Investments.* Following its initial investment in a given portfolio company, the Partnership 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 Partnership will make follow on investments or that the Partnership will have sufficient funds to make all or any of such investments. Any decision by the Partnership 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 the Partnership to increase its participation in a successful operation.

*Non-U.S. Investments.* The Partnership may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Partnership) and the application of complex tax rules to cross-border investments.

*Non-Controlling Investments.* The Partnership may make non-controlling investments in portfolio companies and, therefore, will have a limited ability to protect the Partnership's position in such portfolio companies. However, the General Partner will seek appropriate board representation and shareholder rights to help protect the Partnership's interest in such cases.

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

## **Conflicts of Interest**

During the investment period of a given Partnership, the principals of the Management Company (the "**Principals**") pursue all appropriate investment opportunities within the Partnership's mandate through such Partnership, subject to certain exceptions. However, the

Principals may manage several other Private Investment Funds and investments similar to those in which a given Partnership invests, and may direct certain relevant investment opportunities to those Private Investment Funds and investments rather than to such Partnership, subject to various restrictions contained in the Partnership Agreement. The Principals and the Advisers' investment staff will continue to manage and monitor such Private Investment Funds and investments. The significant investment of the Principals in each Partnership, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in a given Partnership, although the Principals have economic interests in such other Private Investment Funds and investments as well and receive management fees and carried interest relating to such interests. Such other Private Investment Funds and investments that the Principals may control may compete with the Partnership or companies acquired by a given Partnership. Following the investment period of a Partnership, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Partnership's investments.

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

Since the General Partner is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Partnership investments, it could have a conflict of interest in connection with approving transactions. The General Partner attempts to resolve such conflict by offsetting the Management Fee by a specified percentage of such Supplemental Fees, as required under the Partnership Agreements.

As a result of the Private Investment Funds' controlling interests in portfolio companies, the General Partner and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to the General Partner and/or its affiliates. Vicente and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Private Investment Funds or other investment vehicles advised by the General Partner and/or its affiliates. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by the General Partner and/or its affiliates that may regularly provide services to one or more Private Investment Fund portfolio companies), Management Company employees that have left the Management Company either permanently or on an interim basis, and Management Company employees working on legal, auditing, consulting, financing and accounting issues as a result of a portfolio company's request, and such fees will not offset the Management Fee as described herein. Any of these situations subjects the Management Company and its affiliates to potential conflicts of interest.

As described below, certain of the Principals of Vicente have an interest in Kline Hawkes Pacific Advisors, LLC ("**KH Pacific**"), an affiliate of Kline Hawkes & Co. ("**Kline Hawkes**"), which also manage private funds, and Vicente and KH Pacific share office space and may share

the services of certain personnel. This could result in a conflict of interest as the Principals may not direct all appropriate investment opportunities to Vicente and may not devote an appropriate portion of their time to the operations of Vicente. The Principals do not believe this conflict exists as all private funds advised by KH Pacific have completed their investment period and, as such, will not compete with the Partnerships for investment opportunities in new portfolio companies. On a going forward basis, the Principals do not expect to be involved in the advisory activities of any future Kline Hawkes funds.

### **DISCIPLINARY INFORMATION**

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

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

The Management Company and the General Partner are registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Management Company provides advisory services to the General Partner and other Vicente entities pursuant to management agreements. These affiliated investment advisers operate as a single advisory business and serve as managers or general partners of the Private Investment Funds and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Vicente shares office space with KH Pacific, an affiliate of Kline Hawkes, which is a private equity firm exempt from registration with the SEC under the Advisers Act. Kline Hawkes pursues a similar investment strategy to Vicente. Certain personnel of Vicente, including members of the investment committee, are also affiliated with KH Pacific and, in certain instances, serve as principals of both advisers. Each firm has instituted policies and procedures designed to segregate the activities of the two firms and ensure that each adviser operates independently.

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

The Advisers have adopted the Vicente Code of Ethics and Securities Trading Policy (the “Code”), which sets forth standards of conduct that are expected of the Advisers' principals and employees and addresses conflicts that arise from personal trading. The Code requires the Advisers' personnel to

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

A copy of the Code will be provided to any client or prospective client upon request to Greg Arsenault, Vicente's Chief Compliance Officer, at (310) 826-2255. 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.

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

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment 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 a Partnership. The Advisers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the General Partner with the Private Investment Funds. The Partnerships and other Private Investment Funds may invest together with other Private Investment Funds advised by an affiliated adviser of the General Partner in the manner set forth in the applicable Partnership Agreement. The Advisers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Advisers' fiduciary obligations and consistent with the applicable Private Investment Funds' underlying documents.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Partnerships, and may give advice and recommend securities to other accounts or certain Partnerships or vehicles which may differ from advice given to, or securities recommended or bought for, other Partnerships or vehicles, even though their investment objectives may be the same or similar.

From time to time, the General Partner may borrow funds on behalf of the Partnerships or the Private Investment Funds and contribute such borrowed amounts to the Partnerships (or relevant Private Investment Fund, as applicable) as a special capital contribution for investment, to be returned at a later date. Interest in connection with such borrowing is borne by the Partnerships (or the relevant Private Investment Fund, as applicable) as a Partnership expense, consistent with the applicable Partnership Agreement (or other governing document) and the expense policy described under "Fees and Compensation." In borrowing on behalf of the Partnerships or a Private Investment Fund, the General Partner is subject to conflicts of interest between repaying their obligations and retaining such borrowed amounts for the benefit of the

Partnerships or Private Investment Fund, as applicable. The General Partner will effect such borrowings in a manner it believes to be fair and equitable to the Partnerships or Private Investment Fund, as applicable, and consistent with the General Partner's obligations to the Partnerships and the Partnership Agreements (or other governing document).

The Advisers or their affiliates may recommend the purchase or sale of securities for Private Investment Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Private Investment Funds. Certain of these transactions may require the consent of the applicable Private Investment Fund or its applicable LP Committee.

### **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Private Investment Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers purchase or sell publicly traded securities for a Private Investment Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers 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) responsiveness to requests for trade data and other financial information.

The Advisers have 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 the Advisers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. If orders are not batched, it may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

#### **REVIEW OF ACCOUNTS**

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

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

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

The Advisers and/or their affiliates may provide certain business or consulting services to companies in the Partnerships’ portfolio and may receive compensation from these companies in connection with such services. As described in the VCP’s Partnership Agreement, this compensation may, in some cases, offset a portion of the Management Fees paid by VCP. However, in other cases these fees would be in addition to Management Fees. See “Fees and Compensation.”



From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a limited partner in the Partnership or other Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by the Advisers either directly or indirectly through an offset against the Management Fee.

### **CUSTODY**

The Advisers maintain custody of the Partnerships' assets with the following qualified custodians:

- Citibank, N.A., located at P.O. Box 790184, St. Louis, MO 63179;
- Northern Trust Company, located at 10877 Wilshire Boulevard, Suite 100, Los Angeles, CA 90024; and
- Wells Fargo Bank, N.A., located at P.O. Box 6995, Portland, OR 97228.

### **INVESTMENT DISCRETION**

The Advisers have discretionary authority to manage investments on behalf of the applicable Partnership. As a general policy, the Advisers do not allow limited partners to place limitations on this authority, provided that the Partnership Agreement of a Partnership may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the Partnership Agreement, however, an Adviser may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Partnership may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other reasons. The Advisers assume this discretionary authority pursuant to the terms of (i) the Partnership Agreement, (ii) the management agreement between the General Partner and the Management Company and (iii) powers of attorney executed by the limited partners of each Partnership.

### **VOTING CLIENT SECURITIES**

The Advisers have adopted the Vicente Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for the Partnerships' portfolio investments. The majority of "proxies" received by the Advisers will be written shareholder consents (or similar instruments) for private companies, although the Advisers may also receive traditional proxies from public companies from time to time. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Partnerships, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Partnerships' investors through the principals' beneficial ownership interests in the Partnerships and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of any LP Committee, on the proposed proxy vote, or through other alternatives set forth in the Proxy

Policy. The Advisers do not consider service on portfolio company boards by Vicente personnel or the Advisers' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Partnerships. If you would like a copy of Vicente's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Greg Arsenault, Vicente's Chief Compliance Officer, at (310) 826-2255, and it will be provided to you at no charge.

#### **FINANCIAL INFORMATION**

The Management Company does not require or solicit prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.