

Investment Adviser Brochure

Vision Capital Americas LLC

681 Fifth Avenue, 14th Floor
New York, NY 10022
www.visioncapital.com

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Vision Capital Americas LLC (“Vision Capital U.S.”). If you have any questions about the contents of this Brochure, please contact us at (212) 303-6200. 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 securities authority.

Vision Capital U.S. is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. However, such registration does not imply a certain level of skill or training.

Additional information about Vision Capital U.S. also is available on the SEC’s website at www.adviserinfo.sec.gov

TABLE OF CONTENTS

	<u>Page</u>
1. Advisory Business	2
2. Fees and Compensation	2
3. Performance based fees and Side-by-Side management	3
4. Types of Clients	3
5. Methods of Analysis, Investment Strategies and Risk of Loss.....	3
6. Disciplinary Information.....	6
7. Other Financial Industry Activities and Affiliations	6
8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	6
9. Brokerage Practices	7
10. Review of Accounts	7
11. Client Referrals and Other Compensation.....	8
12. Custody	8
13. Investment Discretion	8
14. Voting Client Securities	8
15. Financial Information.....	9
16. Requirements for State-Registered Advisers	9

1. Advisory Business

Vision Capital U.S. was incorporated in Delaware on 9 July 2010 under the name Vision Capital Americas LLC. The company is a wholly owned subsidiary of Vision Capital International Holdings Limited. Vision Capital U.S. is under common control with Vision Capital LLP, which is authorized and regulated by the United Kingdom Financial Conduct Authority. Vision Capital LLP was registered in England and Wales on 7 April 2008 and is based in the United Kingdom. Mr. Julian Mash ultimately controls Vision Capital U.S. and Vision Capital LLP.

Vision Capital U.S. has a non-discretionary sub-advisory arrangement with Vision Capital LLP. Vision Capital LLP is an investment firm that provides investment advisory services to Vision Capital Management Limited, an affiliated Guernsey-based investment manager licensed by the Guernsey Financial Services Commission to carry out ‘controlled investment business,’ which in turn manages limited partnership investment funds (each a “Fund” and collectively, the “Funds”) whose investors are largely institutional investors. The Funds seek to acquire control or significant influence investments in private companies through the acquisition of debt or equity securities, with a transaction size usually ranging from €50 million to €500 million. Vision Capital U.S. provides non-discretionary investment advice to Vision Capital LLP in respect of the investments of certain of the Funds in the United States, South America, Central America, Canada and the Caribbean Islands.

The limited partnership agreement of each Fund is negotiated with the investors as a group and defines investment policies and restrictions. Some investors are granted opt-out arrangements if they are unable to invest in certain companies or sectors due to certain reasons. Vision Capital U.S. provides advice to Vision Capital LLP with respect to a particular Fund and not with respect to any particular investor. Vision Capital LLP provides advice to Vision Capital Management Limited with respect to the Funds and not with respect to any particular investor.

Vision Capital U.S. provided sub-advisory services with respect to \$485,639,719 assets on a non-discretionary basis as of December 31, 2013.

2. Fees and Compensation

The general partners of the Funds (in relation to which Vision Capital LLP acts as investment adviser to Vision Capital Management Limited) receive management fees, in the form of general partner share, during the investment period of a Fund from such Fund, calculated as a percentage of commitments to the Fund. After the end of the investment period or in specified circumstances, the fees are calculated at a fixed percentage of the cost of unrealized investments. Vision Capital LLP and its affiliates (including Vision Capital U.S.) receive management, oversight, advisory and certain transaction fees (“Fees”) from companies in the Funds’ investment portfolios, which are wholly or partially offset against the general partner share depending upon the terms agreed with the investors in a Fund. Vision Capital LLP and its affiliates (including Vision Capital U.S.) recover from companies in the Funds’ investment portfolios expenses incurred by their members, directors and employees in connection with any positions they hold as directors or observers of such companies.

Vision Capital U.S. is remunerated by Vision Capital LLP or one of its affiliates (including affiliated general partners) with respect to certain services provided by Vision Capital U.S., but does not charge fees directly to any of the Funds. The amount of such remuneration is negotiated on an arm's-length basis from time to time between Vision Capital LLP or the relevant affiliated general partner and Vision Capital U.S. and is unrelated to the performance of the relevant Funds. Vision Capital U.S. may receive Fees which will be offset against the remuneration to be received by it from Vision Capital LLP or its affiliated general partners.

3. Performance based fees and Side-by-Side management

Neither Vision Capital U.S. nor its supervised persons receive performance-based fees in respect of their services provided to Vision Capital LLP.

4. Types of Clients

Vision Capital U.S. provides non-discretionary investment advice to Vision Capital LLP. Vision Capital LLP acts as investment adviser to Vision Capital Management Limited with respect to the Funds. Investors in the Funds typically comprise financial institutions, pension funds and sovereign wealth funds, but may include private persons who are high net worth individuals with prior experience of the asset class. The private placement memorandum for a Fund may specify a minimum investment level.

5. Methods of Analysis, Investment Strategies and Risk of Loss

The Funds principally acquire controlling interests in portfolios of mature, U.S. and non-U.S. mid-market companies. The Funds seek to acquire all the non-core assets of a seller, making its entire disposal program a single exit transaction.

Vision Capital U.S., Vision Capital Management Limited and Vision Capital LLP source transactions through three distinct channels: private equity firms, financial institutions and corporations. Each of Vision Capital U.S., Vision Capital Management Limited and Vision Capital LLP reviews numerous potential transactions per year, a minority of which constitute qualified prospects, and of these a minority will proceed to offer status and from there into due diligence.

Under the direction of Vision Capital Management Limited, Vision Capital LLP sets a value creation strategy for each investment that includes: (i) developing a medium-term strategy and investment plan; (ii) assessing and/or augmenting the management team; (iii) building an annual operating plan; (iv) managing risk; (v) optimizing financing in light of commercial and market circumstances; and (vi) focusing on realization of shareholder value in the medium term.

However, investors should be aware that the value of investments may fall as well as rise and that they may not recover their cost of investment. The risks of investing in a Fund include, without limitation:

- *Business Risks.* A Fund's investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period may be

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

- *Future and Past Performance.* The performance of prior investments of a Fund is not necessarily indicative of a Fund's future results or of the future results of any other Fund. On any given investment, loss of principal is possible.
- *Investment in Junior Securities.* The securities in which a Fund invests may be among the most junior in a portfolio company's capital structure and, thus, be subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.
- *Concentration of Investments.* A Fund participates in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.
- *Projections.* Projected operating results of a company in which a Fund invests will normally be based on the results of due diligence and analysis conducted by Vision Capital LLP and, in its capacity as adviser to Vision Capital LLP, Vision Capital U.S., together with financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, may have a material effect on the reliability of projections.
- *Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for such Fund to increase its participation in a successful operation.
- *Leveraged Investments.* A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of a Fund's investment in a given portfolio company or, although the Funds generally do not do so, by themselves incurring debt to finance such investment. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment.
- *Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of a Fund's investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the limited partners of a Fund, typically at the end of its life.

- *Reliance on Portfolio Company Management.* Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will continue to operate a company successfully.
- *Public Company Holdings.* A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members and increased costs associated with each of the aforementioned risks.
- *Director Liability.* A Fund will often obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.
- *Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. Vision Capital seeks to use opportunities presented by such a climate of uncertainty to the advantage of the Funds; however, such a climate may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections.
- *Market Conditions.* Any material change in the economic environment may have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance may be affected by deterioration in public markets and by market events, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. A Fund's performance may also be affected by deterioration in the credit and capital markets, particularly where the availability of financing is reduced. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance.
- *Indemnification.* A Fund will be required to indemnify Vision Capital Management Limited, Vision Capital LLP and their affiliates and other persons who serve at the request of Vision Capital Management Limited, Vision Capital LLP and their affiliates on behalf of a Fund for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material. The indemnification obligations of a Fund would be payable from the assets of such Fund, including the undrawn commitments of the limited partners. Distributions previously made to limited partners may be recalled subject to certain limitations set forth in the partnership agreement of a Fund.

- *Co-investments.* The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that such party may have financial difficulties that negatively impact such investment or may have economic or business interests that conflict with those of a Fund.
- *Currency Risk.* Investments are likely to be made and realized in currencies other than the base reporting currency of a Fund. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments in a Fund. Movements in the foreign exchange rate may have an impact upon such investor's returns in their own currency of account.

6. Disciplinary Information

There are no disciplinary events to disclose.

7. Other Financial Industry Activities and Affiliations

Vision Capital U.S. is under common control with Vision Capital LLP, Vision Capital Management Limited and the general partners of the Funds. Vision Capital LLP is an investment adviser authorized and regulated by the United Kingdom Financial Conduct Authority that has filed an exemption with the SEC to be treated as an exempt reporting adviser. Vision Capital Management Limited and the general partners of the Funds are licensed by the Guernsey Financial Services Commission to carry out 'controlled investment business.'

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

Vision Capital U.S. has adopted the Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Code"), which sets forth standards of conduct that are expected of the Vision Capital U.S. personnel and addresses conflicts that arise from personal trading. The Code requires personnel to report their personal securities transactions and prohibits Vision Capital U.S. personnel's direct or indirect acquisition of beneficial ownership of securities in an initial public offering or in a limited offering, in each case, without first obtaining approval from the Vision Capital U.S. Chief Compliance Officer. A copy of the Code will be provided to any client or prospective client upon request to Steven Whitaker at +44 (0) 20 7389 6410 or Steven.Whitaker@VisionCapital.com. Personal securities transactions by personnel are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

Vision Capital U.S. and its affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Vision Capital U.S. and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Vision Capital U.S. Accordingly, should Vision Capital U.S. or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Vision

Capital U.S. would be prohibited from communicating such information to Vision Capital LLP in respect of the Funds, and Vision Capital U.S. will have no responsibility or liability for failing to disclose such information as a result of following its policies and procedures designed to comply with applicable law.

Personnel of Vision Capital U.S., Vision Capital LLP, Vision Capital Management Limited and their affiliates may indirectly own an interest in the Funds through investment vehicles established for the purpose of investing in the Funds and which are also advised or managed by Vision Capital LLP. Vision Capital U.S. believes such interests do not create a conflict of interest and instead operate to align the interests of Vision Capital U.S. personnel with the Funds.

Vision Capital U.S. and its affiliates and their personnel may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to other accounts or in respect of certain vehicles which may differ from advice given to Vision Capital LLP.

9. Brokerage Practices

The Funds currently hold no listed investments and undertake a minimal level of transactions with broker-dealers. Vision Capital U.S. in particular does not use the services of broker-dealers and does not select or recommend broker-dealers.¹ Therefore, Vision Capital U.S. does not benefit from soft dollar arrangements and does not have a need to aggregate the purchase or sale of securities for client accounts.

10. Review of Accounts

The limited partnership agreements for the Funds are agreed to with investors at inception. Any material changes require the investors' prior approval in accordance with the applicable limited partnership agreement. Vision Capital LLP monitors compliance with the agreements on an ongoing basis, most specifically whenever a Fund makes a new investment. These reviews are usually performed by Vision Capital LLP's General Counsel. Because Vision Capital U.S. has a non-discretionary sub-advisory arrangement, it does not typically need to conduct such reviews. Although Vision Capital LLP may advise Vision Capital Management Limited as to calling/distributing cash from/to investors or paying monies out of a Fund, such actions are undertaken by Vision Capital Management Limited and are outside of the authority of Vision Capital U.S. and Vision Capital LLP.

The Funds generally provide unaudited written reports to investors within 45 days of the end of March, June and September quarter-ends and provides audited reports within 75 days of the December year end. These reports include a valuation of each investment and the applicable Fund as a whole together with financial statements for the Fund. Vision Capital U.S. provides reporting to Vision Capital LLP upon request. The frequency and content of reports are agreed with investors prior to their admission to a Fund and are described in each Fund's limited partnership agreement. As such, to the extent permitted by applicable law or

¹ Stuart: To your comment, the use of finders / introducers ordinarily would not be covered by the instructions to this section.

regulation, there may be minor differences in the reports received by investors in different Funds.

Vision Capital Management Limited convenes an annual investor meeting each year to which all limited partners of the Funds are invited.

11. Client Referrals and Other Compensation

Vision Capital LLP and its affiliates (including Vision Capital U.S.) receive management, oversight, advisory and transaction fees from companies in the Funds' investment portfolios. Vision Capital LLP manages any conflict this might create by wholly or partially offsetting such fees against the general partner share in accordance with the relevant Fund's limited partnership agreement.

Vision Capital Management Limited or its affiliates use placement agents to assist with fund raising activities and take certain measures to ensure that such placement agents are registered with the SEC as a broker-dealer (where required). Vision Capital U.S. does not use the services of a placement agent nor does it compensate any other third party for client referrals.

12. Custody

Vision Capital U.S. does not maintain custody of client funds. Because an affiliate of Vision Capital U.S. may be deemed to have statutory custody of funds of clients of Vision Capital Management Limited, Vision Capital U.S. will ensure that funds of clients of Vision Capital Management Limited, in respect of which Vision Capital U.S. provides non-discretionary sub advisory services, consisting of certificated and uncertificated securities are held at Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey and clients funds consisting of cash at Northern Trust (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey.

13. Investment Discretion

Vision Capital U.S. has a non-discretionary sub-advisory arrangement with Vision Capital LLP.

14. Voting Client Securities

Vision Capital Management Limited, as investment manager of each of the Funds, will exercise its voting rights in relation to investments held by the Funds on behalf of the Funds. Vision Capital U.S. does not have and will not accept the authority to bind Vision Capital LLP, Vision Capital Management Limited or to vote Fund securities. The limited partners in the Funds are passive investors and have the ability to influence voting decisions only under limited circumstances.

However, in order to account for how Vision U.S. and its affiliates and personnel will vote proxies, when required by the Funds' portfolio investments, Vision Capital U.S. has adopted the Vision Capital Proxy Voting Policies and Procedures (the "Proxy Policy") to address how it will. The Proxy Policy seeks to ensure that Vision Capital U.S. votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts

of interest in voting proxies. Vision Capital U.S. generally believes its interests are aligned with those of the Funds' investors and therefore Vision Capital U.S. 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 Vision Capital U.S. may address the conflict using several alternatives, including where permitted by the applicable Fund's governing documents, by Vision Capital Management Limited seeking on behalf of Vision Capital U.S. the approval or concurrence of the relevant Fund's advisory committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, where permitted by the applicable Fund's governing documents, a Fund's advisory committee may approve Vision Capital U.S.'s vote in a particular situation. Vision Capital U.S. does not consider service on portfolio company boards by Vision Capital U.S. personnel or Vision Capital U.S.'s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Vision Capital U.S. when voting proxies on behalf of the Funds. If you would like a copy of Vision Capital U.S.'s complete Proxy Policy or information regarding how Vision Capital U.S. voted proxies for particular portfolio companies, please contact Steven Whitaker, the Vision Capital U.S. Chief Compliance Officer at +44 (0) 20 7389 6410 or Steven.Whitaker@VisionCapital.com, and it will be provided to you at no charge.

15. Financial Information

Vision Capital U.S. does not require or solicit prepayment of management fees six months or more in advance, does not have discretionary authority over, or custody of, client funds and does not have any other events requiring disclosure under this item.

16. Requirements for State-Registered Advisers

Not applicable.