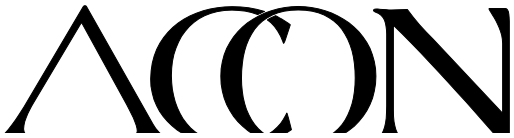
Item 1 - Cover Page **Form ADV Part 2A Brochure**



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This amended and restated brochure provides information about the qualifications and business practices of ACON Saga Manager, LLC ("**ACON**" or the "**Adviser**") and its affiliates. If you have any questions about the contents of this brochure, please contact the Adviser's Chief Compliance Officer at 202-454-1100. 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. The Adviser is registered with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). This registration does not, however, imply a certain level of skill or training of the Adviser or its personnel.

Additional information about the Adviser and its affiliates also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

The Adviser registered as an investment adviser with the SEC in 2012. The Adviser is filing this annual updating amendment to its Part 2A Brochure (this "**Brochure**"). This Brochure replaces the amended and restated brochure that was filed in August 2013.

This Brochure has been updated in:

- Item 4 (*Advisory Business*) to update the Adviser's regulatory assets under management; and
- Item 8 (*Methods of Analysis and Investment Strategies—Risks*) to clarify and supplement various risks associated with the Adviser's investment program, including with respect to conflicts and allocations.

In addition, this Brochure has been updated since the last annual updating amendment that the Adviser filed in March 2013 to reflect the appointment of Teresa Y. Bernstein as Chief Compliance Officer.

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Item 4 - Advisory Business

Advisory Firm

ACON Saga Manager, LLC ("**ACON**" or the "**Adviser**") is a private equity investment advisory company located in Washington, D.C. The Adviser was formed in 2011 to provide investment supervisory services to certain pooled investment vehicles.

The Adviser is a limited liability company organized under the laws of the State of Delaware. The Adviser is owned by Bernard Aronson, Kenneth Brotman and Jonathan Ginns.[1] The Adviser is party to an arrangement with ACON Investments, L.L.C. ("**ACON Investments**") pursuant to which ACON Investments and/or its affiliates provide the services of various private equity fund investment, finance, accounting, legal, compliance and support professionals to the Adviser. ACON Investments is an international private equity fund management company that was founded in 1996 by Messrs. Aronson, Brotman and Ginns. Since its inception, the firm has raised more than $3 billion in capital commitments. ACON and its affiliated investment advisers currently operate private equity funds and other vehicles in two primary lines of business: (1) United States-based middle market leveraged buyout transactions and (2) Latin America-based middle market-leveraged buyout or mezzanine like or similar debt transactions.[2]

The Adviser currently manages one private equity vehicle, ACON Alabama Energy Investors, LLC, a limited liability company formed under the laws of the State of Delaware (the "**Investment Vehicle**"). The Investment Vehicle was established in 2011 as a "standalone" investment vehicle to make an investment into a single portfolio company identified and selected by the Adviser.

Types of Advisory Services Offered

The Adviser provides investment advisory services to the Investment Vehicle, including identifying, evaluating, structuring, recommending and negotiating investment acquisition and disposition opportunities; identifying sources of financing for proposed investments; supervising the negotiation, preparation and review of agreements and other documents in connection with investments, dispositions and financings; and ongoing monitoring and management of portfolio company investments. ACON, directly and through services provided by ACON Investments and/or its affiliates, also provides investment-related services in connection therewith, including without limitation accounting, compliance, legal, administrative, and other financial support services.

The relationship between ACON and the Investment Vehicle is governed by the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), as well as the governing documents of

[1] Please refer to Schedules A and B to ACON's Part 1 of Form ADV for additional information regarding ACON's beneficial owners.

[2] See Item 10 (*Other Financial Industry Activities and Affiliations*) for a list of the other ACON affiliated registered investment advisers.

the Investment Vehicle (the "**Investment Agreement**") and the terms of any investment advisory agreements concluded between ACON and the Investment Vehicle. Investments in the Investment Vehicle are privately offered only to qualified investors that satisfy applicable eligibility and suitability requirements. The Investment Vehicle is not registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") and the limited partnership or other interests offered by such vehicle are not registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Certain ACON personnel (including without limitation employees of ACON affiliates and the owners or partners thereof) also may invest (and often are required by investors to invest) in the ACON Investment Vehicle, and as a result, their economic interests may be better aligned with those of the investors.

Services Tailored to Individual Needs of Clients

ACON provides investment advice to the Investment Vehicle consistent with the terms of the Investment Agreement and not individually to the investors in such vehicle.

Wrap Fee Programs

Wrap fee programs are comprehensive fees charged by an investment adviser to a client for providing a bundle of services, such as investment advice, investment research and brokerage services. ACON does not participate in wrap fee programs.

Client Assets

As of December 31, 2013, ACON had approximately $65.3 million of client assets under management, all of which is managed on a discretionary basis.

Item 5 - Fees and Compensation

ACON does not charge, nor does it receive, any management fees from the Investment Vehicle.

The Investment Vehicle bears and is charged with reasonable, customary documented costs and expenses of its organization, activities, and operations, including without limitation: (i) fees and expenses of accountants, attorneys and financial advisors that are not affiliated with ACON and (ii) the costs of insurance.

Neither ACON nor any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

As the managing member for the Investment Vehicle, the Adviser charges the Investment Vehicle a performance-based fee, referred to as "**Carried Interest**." The Carried Interest is subject to a hurdle or "preferred return" rate (calculated at an annual 8% rate). A potentially significant portion of the long-term compensation of ACON's investment and other professionals is derived from their participation in the Carried Interest paid by the Investment Vehicle. As

such, ACON may be incentivized to make investments or make decisions regarding existing investments that are more speculative than would be the case in the absence of such compensation. However, the owners of the Adviser have invested personal capital indirectly in the Investment Vehicle, which may serve to mitigate this potential incentive.

The Adviser exempts ACON personnel and certain other persons with family or other relationships with the Adviser and its affiliates from payment of Carried Interest.

Item 7 - Types of Clients

ACON provides investment advisory, management and administrative services to the ACON Investment Vehicle only. Investment advice is not provided individually to the investors in such vehicle.

The ACON Investment Vehicle is a pooled investment vehicle formed under domestic laws and operated as an exempt investment pool under the Investment Company Act. The investors participating in the Investment Vehicle include pension and profit-sharing plans, as well as employees and partners/owners of affiliates of ACON. ACON may impose a minimum investment commitment for investors in the ACON Investment Vehicle, however this minimum may be waived in ACON's sole discretion.

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

Methods of Analysis and Investment Strategies

The Adviser's investment strategy on behalf of the Investment Vehicle is to seek to increase the value of, and to find desirable exit opportunities for, the investments made by or on behalf of the Investment Vehicle. This strategy may involve the use of information generated by individuals or entities not affiliated with ACON or its affiliates. Sources of such information include, but are not limited to, research provided by institutions and the brokerage community, internally and externally generated analysis of potential opportunities, specialized consultants, industry experts, and industry and trade publications, as well as direct contact with management of potential portfolio companies and related due diligence.

ACON generally follows an investment process which seeks to: (i) subject potential transactions to a multi-stage screening process with certain hurdles at each stage; (ii) institute the appropriate controls and monitoring mechanisms to facilitate the ability of ACON's investment professionals to add value to the investments made by the Investment Vehicle; and (iii) maximize the value of investments upon exit.

Risks

The ACON Investment Vehicle has made investments in a middle market company the primary operations of which are within the United States. Certain of the risks related to this investment strategy are summarized below. There are significant risks and potential conflicts of interest in investing in private securities issued by middle market companies. Prospective investors should carefully consider all of the risks related to investing in the ACON Investment Vehicle that are

set forth in the private placement memorandum or other offering document (if applicable) for the ACON Investment Vehicle, including those discussed below.

Limited diversification. An investment in the ACON Investment Vehicle will not be a diversified investment. The ACON Investment Vehicle was formed for the sole purpose of investing in a single asset. Single asset investments may involve risks greater than those generally associated with more diversified funds, including significant fluctuation in returns. The concentration of the Investment Vehicle in a single issuer and specific security will magnify the effect of the risks associated with such an investment as compared to a more diversified portfolio. Similarly, a change in the underlying value of the Investment Vehicle's asset will affect the value of the Investment Vehicle more than it would if such vehicle held a more diversified portfolio. In addition, single asset investments may be concentrated in an industry or country that contains greater economic, political and/or regulatory risk than a more diversified set of assets.

Additional capital requirements of underlying portfolio company. The portfolio company acquired by the Investment Vehicle may require additional financing to satisfy its working capital requirements or acquisition strategies. If the portfolio company needs additional financing, the portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including the Investment Vehicle. There can be no assurance that ACON will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. If the company is unable to complete a needed financing, this could negatively impact the performance of the Investment Vehicle. There is no assurance that the Investment Vehicle will have sufficient resources to make follow-on investments in the portfolio company. A decision by the Investment Vehicle to not make a follow-on investment or an inability to make one may have a substantial negative impact on the Investment Vehicle if the needed financing is completed by other parties. In such case, the new third-party financing may be dilutive to the Investment Vehicle's interests, may include governance, control or other rights or may include financial or other covenants and other provisions that may have a material adverse effect on the Investment Vehicle's interests in the underlying portfolio company.

Private equity-related investments generally. All securities investments risk the loss of capital. An investment in the ACON Investment Vehicle is speculative and involves a high degree of risk. Investments with ACON should be undertaken only by investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such vehicle and for which the ACON Investment Vehicle does not represent a complete investment program. There can be no assurances that the ACON Investment Vehicle will meet its investment objectives or otherwise be able to carry out its investment strategy successfully or that an investor will receive a return of its capital contributed to the Investment Vehicle. In addition, there can be no assurance that any ACON Investment Vehicle will be able to generate returns for investors or that returns will be commensurate with the risks of the Investment Vehicle's investments. An investment in the ACON Investment Vehicle should only be made by persons that can afford a loss of their entire investment. Prospective investors should consult their own legal, tax and/or financial advisors prior to investing in the ACON Investment Vehicle.

Issuer selection and issuer-specific risks. In implementing its investment strategy, the Adviser focuses on making investments in companies that have significant issuer-specific risks as a result of business, financial, market or legal uncertainties, including companies that require operational improvements or restructuring. There can be no assurance that ACON will correctly evaluate the nature and magnitude of the various factors that could affect the value of the investment or the potential return on investment. Valuations of private investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments and changes to the financial condition or outlook of these issuers, may significantly affect the results of ACON's investment activities and the value of the investments made by the ACON Investment Vehicle.

Middle market companies. The Investment Vehicle has made investments in a U.S. middle market company. Although investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Medium-sized companies may have more limited product lines, market, and financial and other resources. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the ACON Investment Vehicle to react quickly to negative economic or political developments.

Restrictions on transfer; long-term and illiquid nature of interests and of underlying investments. Interests in the ACON Investment Vehicle are not registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction, and therefore, cannot be resold or transferred unless registered under the Securities Act (and other applicable securities laws) or an exemption from registration is available. No public market exists for the interests and none is expected to develop. Further, approval by ACON or an affiliate of a transfer of an investor's interest in the Investment Vehicle is required before any transfer may occur, which ACON may withhold, typically in its sole discretion. Accordingly, interests in the Investment Vehicle constitute illiquid investments and only those investors that are able to bear the risk of their investment for an indefinite period should purchase interests in the Investment Vehicle.

While the ACON Investment Vehicle's investments may generate some current income, the return of capital and the realization of gains, if any, from an investment will occur only upon the partial or complete disposition of such investment. Investments in portfolio companies typically will not be liquidated for a number of years after the initial investment, and it is unlikely that the Investment Vehicle will realize substantial capital gains during its early years. The Investment Vehicle may invest in investments that unexpectedly cannot be realized in an orderly fashion until after the date on which the ACON Investment Vehicle is scheduled to terminate. Although it is the Adviser's expectation that investments will be disposed of prior to the end of the Investment Vehicle's term, the Investment Vehicle may have to sell or otherwise dispose of

investments on disadvantageous terms as a result of the ACON Investment Vehicle's termination, or distribute such investments in kind if permitted by the Investment Agreement. There can be no assurance that purchasers will be found for the investments made by the ACON Investment Vehicle.

Market, economic and legal/regulatory risks. The portfolio company of the Investment Vehicle may be materially and adversely affected by market, economic, and political conditions globally, including factors affecting tax rates and policy, interest rates, the availability of credit, currency exchange rates and trade barriers. Consequently, the portfolio company may not achieve its expected operational objectives and might experience substantial fluctuations in its operating results. Realization events could be delayed as a result of general market, economic, and political conditions. In addition, following severe global market volatility and dislocations, financial institution failures and defaults and large financial frauds in recent years, U.S. and foreign governmental authorities, agencies and representatives have called for financial system and participant regulatory reform. The duration, severity and ultimate effect of recent market conditions and government actions cannot be predicted. Governmental regulatory activity may also have a significant effect on interest rates and on the economy generally, which in turn may affect the performance of investments made by the Investment Vehicle. The adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have a material adverse effect on portfolio company owned by the Investment Vehicle.

Leverage. To the extent that the ACON Investment Vehicle investment is in a company with a leveraged capital structure, its investment will be subject to increased exposure to adverse factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of the company or its industry. To the extent the company is unable to generate sufficient cash flow to meet obligations under its indebtedness, the value of the Investment Vehicle's investment could be significantly reduced or even eliminated. Additionally, the underlying portfolio company may be subject to restrictive financial and operating covenants as a result of their use of leverage. This leverage may impair the company's ability to finance its future operations and capital needs. As a result, its flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Borrowings. To the extent the Investment Vehicle borrows funds, interest in connection with such borrowing is borne by the Investment Vehicle as an expense consistent with the terms of the governing Investment Agreement. In borrowing on behalf of an Investment Vehicle, the Adviser or its affiliates will be subject to conflicts of interest between repaying such obligations and retaining such borrowed amounts for the benefit of the Investment Vehicle. The Adviser believes this risk is mitigated by the fact that the investors in the Investment Vehicle have express approval rights over borrowings by the vehicle.

Controlling interests. Although it is the Adviser's intention to structure investments to avoid liability for the ACON Investment Vehicle, because of its equity ownership, representation on the board of directors and/or contractual rights, the ACON Investment Vehicle may often be considered to control, participate in the management of or influence the conduct of a portfolio

company. Such control positions may expose the Investment Vehicle to risk of liability for environmental damage, under-funded pension benefit plans, product defects, failure to supervise management, violation of governmental regulations, violations of fiduciary duties to minority owners and other types of liability, including without limitation, in the case of debt investments, lender liability. This could also expose the assets of the ACON Investment Vehicle to claims by a portfolio company, its other security holders, its creditors or governmental agencies, which may exceed the value of the Investment Vehicle's investment in that portfolio company.

The ACON Investment Vehicle is represented on the board of directors of the underlying portfolio company. Under certain circumstances, ACON personnel may also serve as officers of a portfolio company. Although such positions in certain circumstances may be important to the Investment Vehicle's investment strategy and may enhance the Adviser's ability to manage the Investment Vehicle's investments, they may also have the effect of impairing the Adviser's ability to sell the related securities when, and upon the terms, it may otherwise desire. They may also subject the Adviser, its affiliates, the Adviser's personnel and the Investment Vehicle to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director or officer related claims. In general, the Investment Vehicle indemnifies the Adviser, its affiliates and the Adviser's personnel and other persons acting on the Adviser's behalf in connection with the investment from such claims.

Non-controlling investments. The ACON Investment Vehicle may hold less than 50% of the outstanding voting interests of the portfolio company and, therefore, may have a limited ability to protect its investments in any such portfolio company, although as a condition of investment, the Adviser or its affiliates may negotiate representation on the board of directors of each such portfolio company or appropriate minority shareholder and supervisory rights to protect the Investment Vehicle's investments. There can be no assurance that such representation or rights, if sought, will be obtained. In addition, there is the possibility that the portfolio company in which the Investment Vehicle invests may have economic or business interests or goals that are inconsistent with those of the ACON Investment Vehicle. In such cases, the vehicle may not be in a position to limit or otherwise protect the value of its investment in such portfolio company.

Risks associated with publicly traded investments. The ACON Investment Vehicle may invest a portion of its total commitments in publicly traded securities. Investments in securities of publicly traded companies may be sensitive to movements in the stock markets on which they are traded. Instability in the securities markets may also increase the risks inherent in such investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

Investments in restructurings. The ACON Investment Vehicle may invest in a portfolio company that is experiencing or is expected to experience financial difficulties, which may never be overcome. Such investments could, in certain circumstances, subject the Investment Vehicle to certain additional potential liabilities that may exceed the value of the Investment Vehicle's investments therein. For example, under certain circumstances, lenders that have inappropriately exercised control over the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. Furthermore, bankruptcy proceedings to which the portfolio company may become

subject may subject the Investment Vehicle to certain additional potential liabilities that may exceed the value of the Investment Vehicle's original investment. In addition, under certain circumstances, payments to the Investment Vehicle and distributions by the Investment Vehicle to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Investing alongside partners, lenders and other third parties. The ACON Investment Vehicle may make investments alongside partners and other third parties that may have objectives, interests and tolerance for risk that differs from investors in the ACON Investment Vehicle. Such investments may be made through partnerships, joint ventures or other entities. Such investments may involve risks not present in investments where the ACON Investment Vehicle invests alone, including, for example, the outcome of collaborative decision-making may vary, in an adverse manner, from that which ACON may have reached had it been able to make the decision acting solely on its own behalf. Co-investing alongside third party partners also could involve the possibility that a co-venturer or partner might become bankrupt or have interests, objectives, rights or remedies that are different from or may conflict with those of the ACON Investment Vehicle. Furthermore, if such co-venturer or partner defaults on its funding obligations, it may be difficult for the Investment Vehicle to make up the shortfall. The Investment Vehicle may be required to make additional contributions to replace such shortfall. The ACON Investment Vehicle may also be liable for the conduct of its co-venturers or partners. In addition, in negotiating an investment through joint ventures or other similar arrangements, the ACON Investment Vehicle may have to agree to less favorable terms (*e.g.*, bearing a disproportionate share of expenses) than might be present in direct investments.

Co-investment risk. The investments of the Investment Vehicle may be made alongside the investments of financial, strategic or other third-party investors who may have interests or objectives that are inconsistent with those of the Investment Vehicle, may be in a position to take actions contrary to the Investment Vehicle's investment objectives, or may default on their obligations to the company. It is also possible that one or more investment vehicles or other entities or persons affiliated or associated with ACON has or may make investments in the underlying portfolio company in which the Investment Vehicle has invested. In connection with any such investment, the entity or person affiliated or associated with ACON, on the one hand, and the Investment Vehicle on the other hand, may have conflicting interests, particularly to the extent that the Investment Vehicle and the ACON affiliate or associate invested as part of different financing rounds in different classes of securities of a particular portfolio company.

Co-investors may receive certain rights, including without limitation governance rights, veto decisions and/or control or other rights over the joint investment and may not, in all cases, have the same objectives as the Investment Vehicle (although typically such rights are given to investors that ACON and its affiliates believe are aligned with the Investment Vehicle, and such co-investors may be investors in the ACON Investment Vehicle alongside which they are making the investment as well). In addition, affiliates of ACON may receive economic consideration (including without limitation management fees, other fees and/or carried interest) with respect to co-investment opportunities; however this may not always be the case. Carried interest paid by co-investors is typically not subject to clawback or escrow because these vehicles do not usually make more than one portfolio company investment. These economics

may or may not be more favorable to ACON and its affiliates than those provided by the Investment Vehicle that is investing alongside such co-investors and, as a result, may create incentives that could affect how the Adviser allocates investment opportunities. Co-investment opportunities may be offered to some, but not all, investors in ACON's discretion. In determining whether to offer a co-investment opportunity to any person, ACON will follow the procedures set forth in the Investment Agreement for the Investment Vehicle as well as its written Allocation Policy regarding allocation of investment opportunities.

Co-investments may raise allocation issues relating to investment size across multiple entities, expenses, fees and other matters. ACON believes this conflict is mitigated to the extent of the rights the investors in the Investment Vehicle have to consent to affiliate transactions involving the portfolio company and ACON or its affiliates.

Transactions with portfolio companies and conflicts of interest. The Adviser and affiliates of the Adviser may receive in the future from the portfolio company owned by the Investment Vehicle or its respective affiliates monitoring fees, organization fees, set-up fees, financial advisory fees, success fees, transaction fees and other similar fees. Certain of these fees may not be established on an arm's-length basis and may adversely impact the performance of the portfolio company. Moreover, because the investors will receive a benefit from such fees only to the extent set forth in the Investment Agreement governing their investment, such fees may create an incentive for the Adviser and affiliates thereof to approve and cause the Investment Vehicle to make more speculative investments than it would otherwise make in the absence of such compensation. The Adviser believes this conflict is mitigated to the extent of the control rights that the unaffiliated investors in the Investment Vehicle possess in connection with their investment.

Cross-fund investments. One or more investment vehicles managed by ACON or its affiliates may make a cross-fund investment in the portfolio company owned by the Investment Vehicle. A cross-fund investment, in this context, refers to the possibility that an investment vehicle sponsored by an ACON affiliate (including another ACON affiliated registered investment adviser), may make a later investment in the Investment Vehicle's portfolio company. Historically, cross-fund investing has occurred very rarely. Cross-fund investments most often may occur when the vehicle with the existing investment does not have sufficient capital to make a follow-on investment or is at or approaching the end of its commitment period or term. Cross-fund investing may raise conflicts of interest for a variety of reasons. Often, the security that will be purchased by the later-investing investment vehicle may have more attractive terms and conditions than the securities issued to the earlier Investment Vehicle and may be higher in the capital structure than those held by the earlier vehicle. For example, the earlier vehicle may hold equity securities of a company and the later vehicle may purchase convertible debt securities of such company. In such a situation, the interests of the two investment vehicles may not always be aligned, which may give rise to actual or potential conflicts of interest or the appearance of such conflicts of interest. For example, questions may arise as to whether payment obligations and covenants at the portfolio company level should be enforced, modified or waived, or whether debt should be refinanced. The fact that one investment vehicle's interests sit higher in a company's waterfall, or the stage of maturity of each investment vehicle (*i.e.*, how close to the end of the vehicle's life it may be) also could impact decision-making regarding potential sales

processes, including what valuation to target and whether an exit should be pursued. Questions may arise about what action should be taken when a company is in financial distress, including whether to enforce claims and whether to initiate restructuring or liquidation inside or outside of bankruptcy. Cross-fund investing may raise the risk of using the assets of one investment vehicle to support the portfolio of another vehicle, which action might be motivated by a desire by the adviser to such investment vehicle to attempt to reduce the potential clawback liability of an affiliate of the adviser (and therefore the guarantor liability of the ensuing carry recipients). In determining whether to make a cross-fund investment and upon what terms, affiliates of ACON will follow the procedures set forth in the investment agreement for each investment vehicle. These procedures typically require receipt of investor consent from each affected vehicle to the conflicts of interest inherent in the transaction. In addition, ACON has a written Allocation Policy that it will follow regarding allocation of investment opportunities.

Cross-fund investments may raise allocation issues relating to investment size across multiple entities, expenses, fees and other matters. ACON believes this conflict is mitigated to the extent of the rights the investors in the Investment Vehicle have to consent to affiliate transactions involving the portfolio company and ACON or its affiliates.

Conflicts with portfolio companies. ACON personnel will serve as directors of the portfolio company and, in that capacity will be required to make decisions that consider the best interests of the portfolio company. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of the portfolio company or capital raising, actions that may be in the best interest of the portfolio company may not be in the best interests of the ACON Investment Vehicle, and vice versa. Accordingly, in these situations, conflicts of interest may arise between such individual's duties as an officer or employee of ACON or its affiliates and such individual's duties as a director of the portfolio company. When such circumstances arise, it may be necessary that the ACON director resign or abstain from certain decision-making at the portfolio company board level, which may impact the rights of the ACON Investment Vehicle with respect to such company.

Material non-public information. By reason of their responsibilities in connection with their other activities, certain ACON representatives may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. The ACON Investment Vehicle will not be free to act upon any such information. Due to these restrictions, the ACON Investment Vehicle may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Reliance on ACON investment professionals and related conflicts. The success of each ACON Investment Vehicle may depend, in substantial part, upon the skill and expertise of the investment professionals of ACON. There can be no assurance that any or all of the ACON investment professionals will continue to be associated with ACON throughout the life of the ACON Investment Vehicle. The loss of services of one or more such professionals could have a material adverse effect on the performance of the Investment Vehicle and ACON generally.

Investment professionals responsible for managing the ACON Investment Vehicle will have responsibilities with respect to other investment vehicles, including private equity funds and co-investment vehicles sponsored by the other registered investment adviser affiliates of ACON. Conflicts of interest may arise in allocating the time and services of these investment professionals between such investment vehicles.

Control rights of certain investors. As described in the Investment Agreement for the Investment Vehicle and the underlying purchase agreement for the acquisition of the underlying asset, the unaffiliated investors in the Investment Vehicle have control rights over certain decisions related to the Investment Vehicle's investment, including (i) limits over the costs to be incurred by the Investment Vehicle; (ii) exercising certain rights with respect to the portfolio company investment; (iii) voting the shares held by the Investment Vehicle in the portfolio company; and (iv) selling the securities held by the Investment Vehicle, among others. As a result of the control rights of such investors, the Adviser does not have total discretion over the investment decisions of the Investment Vehicle and the options available to the Adviser with respect to the management of the Investment Vehicle's investments may be limited. Such control rights may ultimately impact the value realized on the Investment Vehicle's investments.

Conflicts among investors. To the extent the Investment Vehicle has more than one investor, ACON may encounter potential conflicts of interest in connection with the Investment Vehicle's activities. Investors may have conflicting investment, tax and other interests with respect to their investments in the Investment Vehicle. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Investment Vehicle, the structuring or acquisition of investments, the timing of disposition of investments or any other decisions made by ACON that may be more beneficial for one type of investor than for another, including investors affiliated with the Adviser. In selecting investments appropriate for the Investment Vehicle and making determinations relating thereto, the Adviser will consider the investment objectives of the Investment Vehicle as a whole, not the investment objectives of any investor individually. The Adviser believes this conflict is mitigated to the extent of the control rights that the unaffiliated investors in the Investment Vehicle possess in connection with their investment.

Certain additional conflicts. As a result of the ACON Investment Vehicle's controlling interests in the portfolio company, ACON typically has the right to appoint board members to such portfolio company, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members may approve compensation and/or other amounts payable to ACON and/or its affiliates. ACON and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in a portfolio company owned by the Investment Vehicle. Additionally, ACON, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or other service providers, some of which may invest (or may be affiliated with an investor) in the Investment Vehicle or may engage in transactions with and/or provide services (including services at reduced rates) to, ACON and/or its affiliates and/or the Investment Vehicle advised by ACON. In addition, the portfolio company may from time to time pay certain fees to third-party consultants (including consultants introduced or arranged by ACON and/or its affiliates, which consultants may regularly provide services to the Investment Vehicle). Any of these

situations subjects ACON and/or its affiliates to potential conflicts of interest. ACON has adopted a Code of Ethics (see Item 11 (*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*)), which has been designed to assist ACON in identifying, addressing and avoiding potential conflicts of interest in connection with its provision of advisory services. In addition, the Adviser believes that these potential conflicts are mitigated to the extent of the control rights that the unaffiliated investors in the Investment Vehicle possess in connection with their investment.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that are material to a client's or prospective client's evaluation of the adviser's business or the integrity of its management. ACON does not have any legal or disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

Broker-Dealers

Neither ACON nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Futures and Commodity Trading

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

Material Relationships

Some of the key management executives and investment professionals of ACON, as well as the Chief Financial Officer, Chief Compliance Officer, Chief Legal Officer and other employees and/or consultants of ACON and its affiliates serve in similar capacities for the following affiliates of ACON that are also registered investment advisers:

- Acon Funds Management, L.L.C. (SEC File No. 801-74407);
- ACON EQUITY MANAGEMENT, L.L.C. (SEC File No. 801-74406);
- ACON Investments Management, LLC (SEC File No. 801-74421);
- ACON LatAm Management, L.L.C. (SEC File No. 801-74408);
- RSA FMO MANAGER, LLC (SEC File No. 801-74422); and
- RSA Signal Manager, LLC (SEC File No. 801-74626).

The Adviser is party to an arrangement with ACON Investments, a service affiliate, pursuant to which ACON Investments and/or its affiliates provide the services of various private equity fund investment, finance, accounting, legal, compliance and support professionals to the Adviser. In

addition, through this arrangement, certain administrative services including the payment of payroll, benefits and overhead costs are provided to shared employees and facilities.

Other Investment Advisers

ACON does not recommend or select other investment advisers for the ACON Investment Vehicle. However, it may, as described above, sub-contract certain services to its affiliates.

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

Code of Ethics

ACON and its affiliates have adopted a Code of Ethics (the "**Code**") to ensure that ACON fulfills its fiduciary requirements to the ACON Investment Vehicle and to identify, address and avoid potential conflicts of interest which exist when providing advisory services to this vehicle. The Code requires that personnel of ACON comply with all applicable provisions of federal securities laws. The Code includes policies and procedures related to the disclosure and pre-clearance of certain trading activity. The policy also addresses confidentiality and insider trading and expressly prohibits personnel from disseminating material non-public information or using such information inappropriately for the benefit of any party. Personnel are required to provide written certification as to their compliance with the Code on an annual basis.

ACON will provide a copy of its Code of Ethics to any client or prospective client upon request. Please contact Teresa Y. Bernstein, Chief Compliance Officer, at 202-454-1100 x771 or tbernstein@aconinvestments.com.

Participation or Interest in Client Transactions

From time to time, consistent with the ACON Investment Vehicle's investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Investment Vehicle's Investment Agreement and applicable law, ACON may recommend that an ACON Investment Vehicle acquire or sell securities in which an ACON related or affiliated person has a pre-existing direct or indirect interest, and the Adviser may cause the Investment Vehicle to effect the recommended transaction. A potential conflict of interest could arise in that the interested ACON related person could benefit from such a purchase or sale of the applicable security by the Investment Vehicle. However, the Code is designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions, and to ensure that ACON fulfills its role as a fiduciary to the Investment Vehicle. In particular, the Code requires that ACON act in the best interests of the ACON Investment Vehicle, in good faith and in an ethical manner. Certain terms of the Investment Vehicle's Investment Agreement (including for example the possible need for investor approval) and the equity participation of ACON investment professionals in the ACON Investment Vehicle further mitigate such conflicts.

Personal Trading

From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the ACON Investment Vehicle's Investment Agreement and applicable laws, an ACON related person may acquire or sell securities that are recommended to an Investment Vehicle or in which the ACON Investment Vehicle has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested ACON related person or affiliate could benefit from the Investment Vehicle's ownership, or subsequent sale, of the applicable security. However, the Code is designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of ACON related persons, and to ensure that ACON fulfills its role as a fiduciary to the ACON Investment Vehicle. In particular, the Code requires that ACON related persons abide by policies and procedures in connection with their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.

Personal Trading Contemporaneous with Client Transactions

From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code and the Investment Vehicle's governing documents, ACON personnel and other related persons or affiliates may co-invest in the investments made by the ACON Investment Vehicle at the same time as and on a side-by-side basis with the ACON Investment Vehicle (including their investors). ACON does not believe that this common industry practice gives rise to material conflicts of interest, and that certain potential conflicts of interest are addressed by the Code and the ACON Investment Vehicle's Investment Agreement. However, because ACON personnel may have the opportunity to select the particular investments in which they may choose to participate (and the amount of their participation), the ACON investment professionals may have personal and financial motivations with respect to a particular transaction that may not necessarily be aligned with investors in the ACON Investment Vehicle.

Item 12 - Brokerage Practices

ACON primarily invests in private securities and does not regularly engage in high volume trading of public securities. Accordingly, ACON is generally not in a position to select a broker-dealer for any transactions by the Investment Vehicle.

ACON may distribute securities to investors in the Investment Vehicle or sell such securities, including through using a broker-dealer if a public trading market exists. ACON may also sell securities in the Investment Vehicle through privately negotiated transactions with or without the use of brokers or dealers. If ACON or one of its affiliates sells publicly traded securities for the Investment Vehicle, they are responsible for directing orders to broker-dealers to effect securities transactions for managed accounts. ACON will select brokers on the basis of best price and execution capability. ACON has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to minimize the expenses

incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although ACON generally seeks competitive commission rates, ACON will 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.

ACON does not have any soft dollar arrangements.

ACON does not engage placement agents.

In the private equity context, aggregation of the purchase or sale of securities for multiple client accounts is generally not relevant.

Item 13 - Review of Accounts

Periodic Review of Client Accounts

The investments made by the Investment Vehicle 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, ACON's personnel monitor and review the portfolio company in which the ACON Investment Vehicle invests including, for example, by participating in board meetings and management calls, reviewing annual and interim financial statements and making on-site visits to such company. The ACON Investment Vehicle's financial statements are maintained and monitored by the finance staff of an affiliate of ACON under the supervision of the Controller and Chief Financial Officer. In addition, financial statements for the Investment Vehicle are audited on an annual basis by an independent third-party accounting firm.

Factors that Trigger a Review of Client Accounts

ACON investment professionals regularly supervise and monitor the investment activities of the ACON Investment Vehicle.

Reports to Clients

Audited financial statements are provided to investors in the ACON Investment Vehicle generally within 120 days of the end of the vehicle's fiscal year. Unaudited financial statements and investor-specific account statements are generally provided within 45-60 days of the end of the vehicle's fiscal quarter, along with information about the financial performance of the company in which the ACON Investment Vehicle has invested.

Certain investors in the ACON Investment Vehicle may request information relating to the ACON Investment Vehicle and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, ACON generally will provide such investors with the information requested. Investors that request and receive such information will consequently possess information regarding the business and affairs of the ACON Investment Vehicle that may not be known to other investors. As a result, certain investors may be able to

take actions on the basis of such information which, in the absence of such information, other investors may not take.

Item 14 - Client Referrals and Other Compensation

Not applicable.

Item 15 - Custody

In connection with the management of investments for certain investors, ACON may have, or may be deemed to have, custody of certain funds or securities of the ACON Investment Vehicle. Rule 206(4)-2 (the "**Custody Rule**") of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts or ownership of or access to client funds or securities (such as through fee deductions). With the exception of certain assets, which are defined as "privately offered securities" under the Custody Rule, the assets of the ACON Investment Vehicle are held in custody by unaffiliated broker/dealers or banks acting in the capacity as "qualified custodians."

In accordance with the Custody Rule, ACON's Chief Compliance Officer is responsible for ensuring that the ACON Investment Vehicle's securities, other than "privately offered securities," are held only with unaffiliated broker-dealers or banks acting as qualified custodians. ACON's Chief Compliance Officer is also responsible for arranging for an annual independent audit of the ACON Investment Vehicle by a major accounting firm within 120 days of the vehicle's fiscal year end and for obtaining audited financial statements prepared in accordance with generally accepted accounting principles in the United States. ACON generally arranges for the delivery of such audited financial statements to investors within 120 days of the vehicle's fiscal year end.

Item 16 - Investment Discretion

Typically, ACON provides investment advice to the ACON Investment Vehicle on a discretionary basis pursuant to the Investment Vehicle's Investment Agreement and subject to the investment guidelines set forth therein.

Item 17 - Voting Client Securities

ACON accepts authority to vote the securities held by the ACON Investment Vehicle consistent with the Investment Agreement with the investors. In accordance with SEC rules, ACON and its affiliates have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they votes proxies for the ACON Investment Vehicle's portfolio investments. The Proxy Policy seeks to ensure that ACON votes proxies (or similar instruments) in the best interest of the Investment Vehicle, including when there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with the Investment Vehicle through its ownership interest in the Investment Vehicle. In the event, however, there is or may be a conflict of interest between the Adviser and the ACON Investment Vehicle in voting proxies, the Adviser may address the conflict using several alternatives, including by seeking the

approval or concurrence of the investors in the Investment Vehicle or through other alternatives set forth in the Proxy Policy. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines ACON and its affiliates follow when voting proxies on behalf of the ACON Investment Vehicle. Upon request, an investor may obtain a copy of ACON's Proxy Voting Policy as well as information about how ACON voted any proxies on the ACON Investment Vehicle's behalf by contacting the Chief Compliance Officer, Teresa Y. Bernstein, at 202-454-1100 x771 or tbernstein@aconinvestments.com.

Item 18 - Financial Information

ACON does not collect fees. Accordingly, ACON has no disclosures related to this item.

ACON is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the ACON Investment Vehicle.

ACON has never been the subject of a bankruptcy petition.