



ACON INVESTMENTS MANAGEMENT, LLC

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This amended and restated brochure provides information about the qualifications and business practices of ACON Investments Management, 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 on March 30, 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 clarify and supplement disclosures regarding the Adviser’s private equity fund and co-investment program and to update the Adviser’s regulatory assets under management;
- Items 5 (*Fees and Compensation*) and 6 (*Performance-Based Fees and Side-by-Side Management*) to clarify and supplement disclosures regarding the fees and expenses associated with the Adviser’s private equity fund and co-investment program, including with respect to allocations; 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.

Item 3 - Table of Contents

ACON INVESTMENTS MANAGEMENT, LLC
TABLE OF CONTENTS

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

Item 4 - Advisory Business

Advisory Firm

ACON Investments Management, LLC (“**ACON**” or the “**Adviser**”) is a private equity investment advisory company located in Washington, D.C. The Adviser was established in 2008 to provide investment supervisory services to certain pooled investment vehicles described below.

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 two private equity vehicles, ACON ABP II Capital, LLC, a Delaware limited liability company formed in 2006 (“**ABP II Capital**”), and ACON AEP III CAPITAL, L.L.C., a Delaware limited liability company formed in 2011 (“**AEP III Capital**”). Each of ABP II Capital and AEP III Capital are referred to herein as “**ACON Investment Vehicles**” or “**Investment Vehicles**.”

ABP II Capital was formed for the sole purpose of acquiring a limited partnership interest in Acon-Bastion Partners II, L.P. (“**ABP II**”), a private equity fund managed by Acon Funds Management, L.L.C. (SEC File No. 801-74407), an affiliate of ACON (“**AFM**”). AEP III Capital was formed for the sole purpose of acquiring a limited partnership interest in ACON Equity Partners III, L.P. (“**AEP III**”), a private equity fund managed by ACON EQUITY MANAGEMENT, L.L.C. (SEC File No. 801-74406), an affiliate of ACON (“**AEM**”). Each of AEM and AFM are referred to herein as “**Related Advisers**.” ACON may in the future organize additional vehicles similar to the Investment Vehicles to invest in successor private equity funds to ABP II and AEP III (each, an “**Underlying Fund**” and together, the “**Underlying Funds**”), consistent with the terms of the agreements governing the operation and establishment of the Underlying Funds and the Investment Vehicles.

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 Underlying Funds target making private equity investments in middle market companies, principally in the United States, with the objective of achieving long-term appreciation for their investors. ACON's and the Related Advisers' investment strategy focuses on revenue growth and operational improvements as one of the primary tools to achieve value creation. The Underlying Funds target equity and equity-linked debt investments and other opportunistic investments, and aim to invest primarily in companies in which ACON and its affiliates will have the right to control or exert significant influence over the portfolio company's strategic planning, operations and development. One or more representatives of ACON and its affiliates typically participate as a member of the board of directors of each portfolio company investment of the Underlying Funds and as a member of one or more board committees.

In addition to the private equity fund platform that the Adviser and the Related Advisers offer to investors in the Underlying Funds as well as the Investment Vehicles, ACON and its affiliates (including other registered affiliated investment advisers of ACON including the Related Advisers) also offer investors in the Underlying Funds and the Investment Vehicles, prospective investors and third parties that are not investors in the Underlying Funds or the Investment Vehicles, opportunities to invest alongside the relevant Underlying Fund in investment opportunities identified by the Adviser and the Related Advisers, whether through an ACON (or Related Adviser)-sponsored Underlying Investment Vehicle (a "**Co-Invest Vehicle**") or not. Co-Invest Vehicles typically invest and divest at the same time and on the same terms and conditions as the Underlying Funds. Often, the Co-Invest Vehicle will also be an aggregation vehicle through which both the relevant Underlying Fund and the various co-investors make their investment into the portfolio company.

*Recipients of this Brochure should review and refer to the Form ADVs filed on behalf of each Related Adviser, including without limitation the Part 2A Brochure filed by each Related Adviser (each, a "**Related Adviser Brochure**" and together, the "**Related Brochures**"), because ABP II Capital and AEP III Capital feed into the Underlying Funds. Accordingly, disclosures and risks outlined therein apply to investors in ABP II Capital and AEP III Capital inasmuch as such investors are indirect investors in the private equity funds described in the Related Brochures.*

Types of Advisory Services Offered

The Adviser provides investment advisory services to the Investment Vehicles, 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 each 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 each Investment Vehicle (the "**Investment Agreement**") and the terms of any

investment advisory agreements concluded between ACON and each Investment Vehicle. Because the Investment Vehicles feed into the Funds, the terms of the investors' investments in the Investment Vehicles are also governed by the governing documents of the applicable Investment Vehicle (each an “**Underlying Investment Agreement**” and when specifically referring to the Funds, the “**Underlying Fund Agreements**”) and the terms of any investment advisory agreements concluded between the Related Advisers and each Investment Vehicle. Investments in the Investment Vehicles are privately offered only to qualified investors that satisfy applicable eligibility and suitability requirements. The Investment Vehicles are 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 vehicles 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 Vehicles, and as a result, their economic interests may be better aligned with those of the investors.

In connection with the provision of advisory services to the Investment Vehicles, ACON or its affiliates may enter into side letters or other writings (“**Side Letters**”) with specific investors, including investors in the Investment Vehicles, which have the effect of establishing rights under, or altering or supplementing the terms of, a vehicle's Investment Agreement in respect of the investor to whom a Side Letter is addressed. A Side Letter with an investor may provide the investor with economic, regulatory and other terms that are more favorable than the terms offered to other investors. For example, Side Letter provisions may include a waiver or reduction of management and/or other fees/allocations (including differences in application of fee offset provisions with respect to such investor), payment of reduced carried interest, the provision of additional information or reports, rights related to specific regulatory requests of certain investors, more favorable transfer rights, the ability to opt-out of certain investments, priority and/or other rights with respect to the review of co-investment opportunities and rights to participate on a particular ACON Investment Vehicle's investor advisory committee.

Services Tailored to Individual Needs of Clients

ACON provides investment advice to the Investment Vehicles consistent with the terms of the Investment Agreements and not individually to the investors in such vehicles.

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 \$18.7 million of client assets under management, all of which is managed on a discretionary basis.

Item 5 - Fees and Compensation

Fees

Management Fees

Initially, ACON charged ABP II Capital a management fee (the “**ABP II Capital Management Fee**”) of 1.875% per annum of capital committed to the Investment Vehicle by each investor in the vehicle. The ABP II Capital Management Fee is payable semi-annually in advance and is subject to waiver and/or offsets as more fully described below (including under the subheading “*Other Fees Earned by ACON and Fee Offsets*”). After the end of the Investment Vehicle’s commitment period, which was four years from the initial closing, the ABP II Capital Management Fee stepped down to 1.75% per annum calculated on the basis of each investor’s actively invested capital.

ACON charges AEP III Capital a management fee (the “**AEP III Capital Management Fee**” and together with the ABP II Capital Management Fee, the “**Management Fee**”) of 2% per annum of capital committed to the Investment Vehicle by each investor in the vehicle. The AEP III Capital Management Fee is payable semi-annually in advance and is subject to waiver and/or offsets as more fully described below (including under the subheading “*Other Fees Earned by ACON and Fee Offsets*”). After the end of the Investment Vehicle’s commitment period, which is five years from commencement, the AEP III Capital Management Fee steps down so that it is calculated on the basis of each investor’s actively invested capital. Over time, the percentage amount charged by the Investment Vehicle also steps down as set forth in the Investment Agreement.

In each Investment Agreement, “actively invested capital” generally means the amount of capital that is invested in assets of the Underlying Fund (*i.e.*, portfolio companies) as of the particular calculation date. “Actively invested capital” is not calculated in the same manner as “fair value” (nor does “actively invested capital” equate to “assets under management” as reported in Item 4 of this Brochure). Typically, unless an Underlying Fund investment has suffered a permanent decline in value, the Management Fees in the post-commitment period are calculated on the basis of the amount invested. The Management Fees were negotiated by investors prior to the final closing of the Investment Vehicles and are detailed in the relevant Investment Agreements.

As described in the Related Brochures, affiliates of ACON offer co-investment opportunities alongside the Underlying Funds. Co-investors may receive certain rights, including with respect to governance, control and other matters. Affiliates of ACON, including the Related Advisers, also may receive management fees, carried interest and other fees in connection with such co-investment opportunities, which economics may or may not be more favorable to ACON affiliates than those provided by the particular Underlying Fund and, as a result, may create incentives that could affect how ACON affiliates allocate investment opportunities or ultimately makes decisions with respect to management of portfolio companies. In addition, because the investment agreements relating to co-investment opportunities may provide for different provisions relating to fee offsets and other provisions, investors in the Investment Vehicles should carefully review the Related Brochures for disclosures regarding, among other things, allocation of fees and expenses and fee offsets.

The Adviser may exempt certain persons from payment of Management Fees or otherwise reduce the Management Fees payable by certain investors, including without limitation ACON personnel, persons with family or other relationships with the Adviser and its affiliates and unaffiliated parties, including without limitation strategic partners, advisors, consultants and significant investors.

As permitted under each Investment Agreement, the Adviser may also waive or agree to reduce the Management Fees in exchange for a credit towards the amount of capital the Underlying Fund Principals and other ACON personnel would otherwise be required to contribute to each Underlying Fund. The investors of the particular Underlying Fund may be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise have been required of ACON personnel and Underlying Fund Principals in connection with any such waiver or reduction and, as a result, the exercise of such waiver may result in a modest acceleration of investor capital contributions. Waived or reduced Management Fees in these circumstances are not subject to the Management Fee offsets described below.

Other Fees Earned by ACON and Fee Offsets

Affiliates of the Adviser may receive fee income paid by portfolio companies or other third parties, including, for example: (i) monitoring fees, organizational fees, set-up fees, financial advisory fees, success fees, transaction fees or other similar fees; (ii) cash and non-cash directors' fees; and (iii) termination, break-up or other similar fees, payments or compensation, in each case received in connection with investments or proposed investments of the Underlying Fund and/or co-investors, or services provided in connection therewith (collectively, "***Other Fees***"). These Other Fees, net of related expenses, to the extent they are earned in connection with an investment made by a particular Underlying Fund, are generally shared with such Fund and its investors (including investors in the Investment Vehicles) as required pursuant to the terms of the relevant Underlying Fund Agreement and the Investment Agreements, through reductions or what are known as "offsets" against subsequent installments of the Management Fees due from investors. If no such subsequent installments are due, then excess offset amounts will be returned to investors upon liquidation of such Investment Vehicle. Any balance not so shared is retained by affiliates of ACON as additional revenue. For a detailed description of the offset mechanism in each of the Underlying Funds, including how affiliates of the Adviser handle allocation of Other Fees across multiple vehicles, refer to the Related Brochures.

The right of ACON's affiliates to receive Other Fees may create a conflict of interest between ACON and its affiliates, on the one hand, and the various investment vehicles and their investors, on the other hand, because the fees may be substantial and the investment vehicles and their investors do not have a direct interest in the fees. ACON and its affiliates believe, however, that the Underlying Fund management fee offset mechanism described in the Related Brochures (to the extent applicable) and the equity commitments made by owners of the Adviser and other ACON personnel in the Underlying Funds and other investment vehicles, significantly mitigates this potential conflict. In addition, ACON and its affiliates believe this potential conflict is often further mitigated by the fact that Other Fees may become limited as the result of negotiations involving third parties, such as with sellers, buyers, and management teams or boards of directors of, or lenders to, portfolio companies.

Refer also to the Related Brochures for a discussion regarding treatment of director fees.

How Fees are Billed

The Adviser causes the Management Fees due in respect of a particular Investment Vehicle to be paid to ACON (or an affiliate thereof) by (i) requiring investors to make capital contributions, (ii) withholding from investment proceeds that would otherwise be distributable to investors or (iii) in certain cases, causing the Underlying Funds to borrow money (subject in each case to the terms of the respective Underlying Fund Agreement).

Other Fees and Expenses

The various types of fee income received by ACON are described above.

As feeder vehicles, investors in each of ABP II Capital and AEP III Capital are responsible for payment of expenses charged by the Underlying Funds. Refer to the Related Brochures for a detailed description of the types and nature of expenses that may be borne (both directly and indirectly) by the Underlying Funds (and thus, indirectly, the Investment Vehicles), on the one hand, and affiliates of ACON, on the other hand. In addition, the Adviser is permitted to set aside appropriate reserves for anticipated expenses and liabilities of each of the Investment Vehicles prior to making distributions to investors.

Investors should review all fees and expenses charged by ACON, its GPs/Managers and others to the respective ACON Investment Vehicles to determine the total amount of fees and expenses to be paid by these vehicles and, indirectly, their investors.

Refunds for Fees Charged in Advance

Management Fees typically are paid in advance. The terms of the ACON Investment Vehicles (which are closed-end vehicles) do not generally contemplate a return of fees to investors to the extent that ACON's services terminate prior to the end of the relevant payment period, except that at the end of the term of each Investment Vehicle, the Management Fees are due in advance only for the applicable *pro-rated* partial period.

Compensation for Sales of Securities

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

Not applicable. However, investors should review and refer to the Related Brochures for a description of the carried interest that affiliates of ACON, and investment professionals thereof, may receive in connection with investments made by the Underlying Funds, as well as certain conflicts and potential mitigants in connection therewith.

Item 7 - Types of Clients

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

The Investment Vehicles are pooled Investment Vehicles formed under domestic laws and operated as exempt investment pools under the Investment Company Act. The investors participating in Investment Vehicles may include, among others, a broad range of U.S. and non-U.S. investors, including without limitation high net worth individuals, trusts, estates or charitable organizations and other investment entities, corporations and business entities, and may include, directly or indirectly, ACON personnel. On occasion, ACON may also offer investment opportunities to other qualified institutions and individuals (for example, executives of present or former portfolio companies). Details concerning applicable investor suitability criteria are set forth in the respective private placement memorandum and subscription materials for the Investment Vehicles. ACON may impose a minimum investment commitment for investors in Investment Vehicles, 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 each 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 each such 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 Vehicles; and (iii) maximize the value of investments upon exit.

Risks

The ACON Investment Vehicles make investments into Underlying Funds that in turn make investments in middle market companies 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 Underlying Fund, including

those discussed below. Investors should also carefully review the Risks set forth in the Related Brochures.

Private equity-related investments generally. All securities investments risk the loss of capital. Investments in Investment Vehicles are speculative and involve 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 Investment Vehicle does not represent a complete investment program. There can be no assurances that any Investment Vehicle will meet its investment objectives or otherwise be able to carry out its investment program 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 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 any 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 an Investment Vehicle.

Restrictions on transfer; long-term and illiquid nature of interests and of underlying investments. Interests in the Investment Vehicles 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 an Investment Vehicle is required before any transfer may occur, which ACON may withhold, typically in its sole discretion. Accordingly, interests in the Investment Vehicles 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 Vehicles.

While an 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 any Investment Vehicle will realize substantial capital gains during its early years. An Investment Vehicle may invest in investments that unexpectedly cannot be realized in an orderly fashion until after the date on which the Investment Vehicle is scheduled to terminate. Although it is the Adviser's expectation that all investments will be disposed of prior to the end of an Investment Vehicle's term, the Investment Vehicle may have to sell or otherwise dispose of investments on disadvantageous terms as a result of the Investment Vehicle's termination, or distribute such investments in kind. There can be no assurance that purchasers will be found for the investments made by Investment Vehicles.

Reliance on ACON investment professionals and related conflicts. The success of each Investment Vehicle may depend, in substantial part, upon the skill and expertise of the investment professionals of ACON and, in particular, on certain key executives named as principals in the Investment Agreements. There can be no assurance that any or all of these

investment professionals will continue to be associated with ACON throughout the life of any Investment Vehicle. The loss of services of one or more such professionals could have a material adverse effect on the performance of one or more Investment Vehicles and ACON generally.

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

Lack of management rights. Investors generally will have no opportunity to control the day-to-day operation, including, but not limited to, investment and disposition decisions, of the Investment Vehicles, and will be permitted to vote only in the limited circumstances set forth in the Investment Agreements. The Investment Agreements typically limit the circumstances under which the Adviser, its affiliates and personnel of the Adviser can be held liable to the Investment Vehicle. Investors may, as a result of such provisions, have a more limited right of action in certain cases than they would in the absence of such provisions. Investors will not make decisions with respect to the selection, management, disposition or other realization of any investment, or any other decisions regarding the Investment Vehicles' business and affairs. In order to safeguard their limited liability for the liabilities and obligations of the Investment Vehicles, investors must rely entirely on ACON and its GPs/Managers to conduct and manage the affairs of the Investment Vehicles.

Side letters and opt-out rights. As described above, the Investment Vehicles, ACON and its affiliates may enter into written agreements, or Side Letters, with one or more investors in the Investment Vehicles or the Underlying Funds. These Side Letters may entitle an investor to make an investment in an Investment Vehicle or Underlying Fund on terms other than those provided to other investors. Any such terms, including with respect to: (i) economic terms, (ii) opting out of particular investments, (iii) reporting obligations of the vehicle, (iv) transfers to affiliates, (v) co-investment opportunities, (vi) withdrawal rights due to adverse tax or regulatory events, (vii) consent rights to certain Investment Agreement or Underlying Fund Agreement amendments or (viii) any other matters described herein, may be more favorable than those offered to any other investors. Furthermore, the Adviser or its affiliates may permit certain business associates and "friends and family" of ACON to invest directly or indirectly in Investment Vehicles and the Underlying Funds on terms that may be more favorable than those offered to other investors, including with respect to the non-payment or reduction in payment of Management Fees and carried interest or different treatment with respect to fee offsets. If the Adviser or an affiliate thereof enters into a Side Letter entitling an investor to opt out of a particular investment or withdraw from the Investment Vehicle or Underlying Fund or allowing such investor to be excused from particular investments, any election to opt out or withdraw by such investor may increase the interest that other investors will have in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal). In addition, in the case of an opt-out election, depending upon the specific terms of the Investment Agreement or Underlying Fund Agreement (which may call for future capital contributions to be based on unfunded commitments rather than capital commitments), the election may decrease the interest

that other investors will have in subsequent investments. Conversely, in the case of an opt-out election where the specific terms of the Investment Agreement or Underlying Fund Agreement call for future capital contributions to continue to be based on capital commitments, the election of one or more investors to opt-out of a particular transaction or transactions will result in reducing the overall size of the Investment Vehicle or Underlying Fund, which may have a material adverse effect on the vehicle and its investment prospects.

Conflicts among investors. Prospective investors also should be aware that ACON may encounter potential conflicts of interest in connection with the Investment Vehicles' activities. For example, investors are expected to include taxable and tax-exempt entities and may include persons or entities organized in various jurisdictions. As a result, the 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 Vehicles, the Adviser will consider the investment objectives of the Investment Vehicles as a whole, not the investment objectives of any investor individually.

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 LatAm Management, L.L.C. (SEC File No. 801-74408);
- ACON EQUITY MANAGEMENT, L.L.C. (SEC File No. 801-74406);
- ACON Saga Manager, LLC (SEC File No. 801-74423);
- 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 Investment Vehicles. 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 Investment Vehicles and to identify, address and avoid potential conflicts of interest which exist when providing advisory services to these vehicles. 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 each Investment Vehicle’s investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Investment Vehicle’s Investment Agreements and applicable law, ACON or its GPs/Managers may recommend that an 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 or its GP/Manager 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 Vehicles. In particular, the Code requires that ACON act in the best interests of the Investment Vehicles, in good faith and in an ethical manner. Certain terms of each Investment Vehicle's Investment Agreements (including for example the possible need for investor advisory committee approval) and the equity participation of ACON investment professionals in the 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 Investment Vehicles' Investment Agreements and applicable laws, an ACON related person may acquire or sell securities that are recommended to an Investment Vehicle or in which the 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 each 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 each Investment Vehicle's governing documents, ACON personnel and other related persons or affiliates may co-invest in the investments made by Investment Vehicles at the same time as and on a side-by-side basis with Investment Vehicles (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 Investment Vehicle's Investment Agreements. 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 Investment Vehicles.

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 Investment Vehicle's transactions.

ACON may distribute securities to investors in an Investment Vehicle or sell such securities, including through using a broker-dealer if a public trading market exists. ACON may also sell

securities in an 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, however the Underlying Funds, or affiliates thereof, may do so from time to time. However, such placement agents are not used as broker-dealers to effect transactions in publicly traded securities on behalf of any Investment Vehicle.

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 Vehicles 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 companies in which an 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 companies. Each 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 Vehicles 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 Investment Vehicles. In addition, the investment committees of each of AFM and AEM regularly supervise and monitor the investment activities of the Underlying Funds.

Reports to Clients

Audited financial statements are provided to investors in the Investment Vehicles generally within 120 days of the end of the vehicles’ fiscal year. Unaudited financial statements and

investor-specific account statements are generally provided within 45-60 days of the end of the vehicles' fiscal quarter, along with information about the financial performance of the companies in which the Investment Vehicles have invested.

Certain investors in an Investment Vehicle may request information relating to the 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 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. Refer to Related Brochures.

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 Investment Vehicles. 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 certain Investment Vehicles 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 Investment Vehicles' 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 annual independent audits of the Investment Vehicles by a major accounting firm within 120 days of each 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 each vehicle's fiscal year end.

Item 16 - Investment Discretion

Typically, ACON provides investment advice to the Investment Vehicles on a discretionary basis pursuant to each 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 Investment Vehicles. 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 Investment Vehicles’ 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 and its GPs/Managers generally believe their interests are aligned with the Investment Vehicles through their ownership interest in the Investment Vehicles. In the event, however, there is or may be a conflict of interest between the Adviser and an Investment Vehicle in voting proxies, the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Investment Vehicle’s investor advisory committee (or that of the Underlying Fund) on the proposed proxy vote 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 Investment Vehicles. 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 Investment Vehicles’ behalves by contacting the Chief Compliance Officer, Teresa Y. Bernstein, at 202-454-1100 x771 or tbernstein@aconinvestments.com.

Item 18 - Financial Information

Fees are not collected six months or more in advance. 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 Investment Vehicles.

ACON has never been the subject of a bankruptcy petition.