

## INVESTMENT ADVISER BROCHURE



**Noro-Moseley Partners  
Moseley and Company V, LLC  
Moseley and Company VI, LLC  
Moseley and Company VII, LLC  
Moseley and Company SBIC, LLC**

4200 Northside Parkway, N. W.  
Building 9  
Atlanta, Georgia 30327  
(404) 233-1966  
Fax: (404) 239-9280  
[www.noro-moseley.com](http://www.noro-moseley.com)

**This brochure (“Brochure”) provides information about the qualifications and business practices of NMP Management Corporation (doing business as Noro-Moseley Partners) and its advisory affiliates described herein (collectively, the “Adviser”). If you have any questions about the contents of this brochure, please contact William L. Hudson at 404-233-1966. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

## Item 2 – Material Changes

The Adviser was previously an exempt reporting adviser and was not required to complete a Form ADV Part 2A. In the future, this Item will discuss material changes, if any, made to this Brochure as part of the Form ADV annual update.

A summary of any materials changes to this and subsequent Brochures will be provided to you within 120 days of the close of our business' fiscal year. We may also provide you with additional updates or other disclosure information at other times during the year in the event of any material changes to this Brochure.

You may request the most recent version of this Brochure by contacting William Hudson, Administrative Partner, Chief Financial Officer and Chief Compliance Officer at 404-233-1966 or [whudson@noro-moseley.com](mailto:whudson@noro-moseley.com).

### Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	4
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9 – Disciplinary Information .....	7
Item 10 – Other Financial Industry Activities and Affiliations .....	7
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Item 12 – Brokerage Practices.....	10
Item 13 – Review of Accounts .....	11
Item 14 – Client Referrals and Other Compensation.....	11
Item 15 – Custody.....	11
Item 16 – Investment Discretion.....	12
Item 17 – Voting Client Securities .....	12
Item 18 – Financial Information .....	12

## Item 4 – Advisory Business

For purposes of this Brochure, “**NMP**” means NMP Management Corporation, a Georgia corporation formerly known as Moseley-Kelly-French Corporation. NMP has been in business since 1983 and does business under the trade name “Noro-Moseley Partners.” The owners of NMP are Michael F. Elliott, Alan J. Taetle and Allen S. Moseley.

“**NMP General Partners**” means NMP’s related general partner entities that provide advisory services to and/or receive advisory fees from the “**Funds**” (as defined below). The NMP General Partners are under common control with NMP and/or possess a substantial overlap of equity owners with NMP. The NMP General Partners and persons acting on their behalf will be subject to NMP’s supervision and control and, therefore, the NMP General Partners and the persons acting on their behalf will be “persons associated with” NMP (as that term is defined in section 202(a)(17) of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Unless otherwise provided, references to the “**Adviser**” in this Brochure will include NMP and the NMP General Partners, collectively.

The Adviser provides investment supervisory services to private investment vehicles (the “**Funds**”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”) and whose securities are exempted from registration under the Securities Act of 1933, as amended (the “**Securities Act**”). The Funds (and their respective NMP General Partners) are as follows:

- Noro-Moseley Partners V, L.P. (“**Fund V**”), a Georgia limited partnership (general partner is Moseley and Company V, LLC);
- Noro-Moseley Partners V-B, L.P. (“**Fund V-B**”), a Georgia limited partnership (general partner is Moseley and Company V, LLC; Fund V and Fund V-B are parallel funds);
- Noro-Moseley Partners VI, L.P. (“**Fund VI**”), a Delaware limited partnership (general partner is Moseley and Company VI, LLC);
- Noro-Moseley Partners VII, L.P. (“**Fund VII**”), a Delaware limited partnership (general partner is Moseley and Company VII, LLC); and
- Noro-Moseley Partners SBIC, L.P. (“**SBIC**”), a Delaware limited partnership (general partner is Moseley and Company SBIC, LLC; Fund VII and SBIC are parallel funds).

During their respective investment periods, subject to any applicable legal, tax or regulatory constraints, Fund V and Fund V-B made investments (and Fund VII and SBIC will make investments) side-by-side on effectively the same terms, *pro rata* based on available committed capital (which includes, in respect of SBIC, any leverage provided by the Small Business Administration (the “**SBA**”) to SBIC).

The Funds make primarily long-term equity and equity-related investments. In accordance with the Funds’ respective investment objectives, investments are generally made in companies doing business in information technology and healthcare. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments.

The Adviser provides investment supervisory services to each Fund in accordance with the private offering memorandum and organizational documents of such Fund, separate investment and advisory, investment management or portfolio management agreements (an “**Advisory Agreement**”) and/or side letters with Fund investors (together, “**Governing Documents**”).

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund, and include limitations on the percentage of committed capital that may be invested in the securities of any one issuer and limitations on the amount of indebtedness that can be incurred by each Fund.

Subject to the terms of the Governing Documents, the Adviser has, and may in the future, enter into agreements, such as side letters with certain Fund investors (without the approval of any other Fund investor). The side letters or other agreements have the effect of establishing rights under, altering or supplementing the terms of the relevant Governing Documents with respect to one or more such investors in a manner that could be more favorable to such investors than those applicable to other investors. For example, the side letters or other similar agreements may, among other things:

- require the Adviser to pro-actively seek out investment opportunities in a particular state;
- provide certain investors with “most favored nation” rights;
- provide additional information or reports to an investor;
- allow an investor to withdraw from a Fund under specified circumstances;
- provide rights to designate a member of a Limited Partner Committee; and
- provide more favorable transfer rights.

The Adviser does not participate in wrap fee programs by providing portfolio management services.

As of November 30, 2013, the Adviser managed a total of \$221.8 million of client assets, all of which is managed on a discretionary basis.

### Item 5 – Fees and Compensation

The Adviser generally receives fees based upon the amount of capital that investors have committed to the Funds and performance-based fees (carried interest), all as described in the Governing Documents. The specific payment terms and other conditions of these fees and distributions are set forth in the relevant Governing Documents.

#### Management Fee

Fund V and Fund V-B currently pay NMP an annual management fee of 1% of the remaining net assets of those Funds. NMP currently expects that no management fees will be paid by Fund V or Fund V-B subsequent to June 30, 2014.

Fund VI pays NMP an annual management fee of 2.5% of total capital committed for the period from inception through December 31, 2013, after which the management fee declines by 15% per year for 2014, 2015, 2016 and 2017. After December 31, 2017, the management fee will be 1% per year of the remaining net assets of Fund VI.

Fund VII and SBIC pay NMP a management fee that is calculated as follows: (a) 2.5% per year of total capital committed for the period from inception through the five-year anniversary of inception and (b) subsequent to the five-year anniversary, 2.5% per year of total invested capital, which is defined as the cost basis of remaining portfolio investments.

Pursuant to the terms of the Governing Documents, the Funds pay management fees on a quarterly basis in advance. Prepaid management fees will be returned to a Fund in the event of the termination of the advisory relationship before the end of any quarterly period.

#### Carried Interest

The NMP General Partners are allocated a carried interest distribution based on any cash generated from the sale of the relevant Fund’s portfolio investments. The carried interest distribution will generally be an amount equal to 20% (5% for Fund V-B) of the profits from each portfolio investment made by a Fund after the return of invested capital

to the applicable Fund investors. Carried interest allocations are subject to a clawback based on the aggregate performance of all portfolio investments of a Fund.

All performance-based fees (carried interest) payable to each NMP General Partner in connection with all private funds sponsored by NMP will be effected consistent with the applicable requirements of Section 205 of the Investment Advisers Act of 1940 (the “**Advisers Act**”), Rule 205-3.

#### Other Fees

Typically, members of the NMP General Partners (“**Partners**”) become board members of the portfolio companies invested in by the Funds. Although infrequent and not significant in amount, directors’ fees, management fees, consulting fees and other remuneration, if any, received by a Partner or a NMP General Partner from portfolio companies or from any other sources related to a Fund’s investment (“**Fee Income**”) are sometimes paid either in cash or as a director stock option to such Partner or NMP General Partner. Any and all Fee Income received by the NMP General Partners or their related persons is treated as a 100% offset against the management fees next payable by the relevant Fund.

#### Valuation

The value of the Funds’ investments is relevant to a number of aspects of those entities, including the calculation of the management fee paid by Fund V and Fund V-B (through June 30, 2014) and Fund VI (after December 31, 2017), and periodic reporting to investors. Because higher valuations will result in higher management fees for Fund V, Fund V-B and Fund VI (during specified periods of time, as referenced in the prior sentence) and more favorable reporting to investors (thereby potentially incentivizing them to invest in new funds sponsored by the Adviser), the Adviser has an inherent conflict of interest in connection with its valuation of Fund assets. Further, for purposes of determining “invested capital” (which is the basis for the calculation of the management fees charged to Fund VII and SBIC after their respective investment periods), the cost of Fund assets that have been permanently written off are disregarded, providing the Adviser with an incentive to avoid writing off assets in order to increase the amount of the management fee.

The Adviser maintains valuation policies, which provide guidelines for valuing the Funds’ portfolio investments and serve to mitigate the above conflicts of interest. Under its valuation policies, the relevant NMP General Partner values a Fund’s assets (at fair market value) on a quarterly basis and those values are reviewed by the Fund’s Limited Partner Committee (or, in the case of Fund V and Fund V-B, the Advisory Committee). (For purposes of reporting to the SBA only, SBIC values its assets in accordance with valuation guidelines approved by the SBA.) In addition, on an annual basis, the Funds’ independent public accountant audits the fair market values of the Funds’ portfolio investments for purposes of the Funds’ annual financial statements.

#### Indemnification

The Funds are generally obligated to indemnify NMP and its affiliates and personnel under certain circumstances; provided, however, if the relevant Fund has insufficient assets to cover any indemnification obligations, then investors will not be required to return to the relevant Fund any amounts beyond the amount of any uncalled capital commitment plus (except in the case of Fund V and Fund V-B), the lesser of either any distributions made to such investor or 25% of an investor’s capital commitment.

#### Fund Expenses

The Adviser is responsible for all usual overhead expenses of managing the Funds, including compensation for its employees, plus the cost of adequate office space and utilities.

The Funds bear their organizational costs up to an amount specified in the Governing Documents. Organizational expenses in excess of that amount are paid by NMP.

The Funds pay all expenses related to their operations that are not reimbursed by portfolio companies including:

- fees, costs and expenses related to the purchase and sale of investments;
- any brokerage expenses;
- fees and expenses of legal counsel and accountants;
- any taxes levied against the applicable Fund;
- Limited Partner Committee expenses;
- expenses related to leverage incurred by a Fund;
- insurance expenses; and
- any extraordinary expenses of the Funds such as indemnification expenses.

See Item 10 below for a description of the Adviser's allocation of expenses as between the Funds.

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

As noted in Item 5 above and as set forth in the Governing Documents, all Funds allow the NMP General Partners to earn certain performance-based fees. The Adviser does not manage any accounts for which a performance-based fee is not charged.

Performance-based compensation may incentivize the Adviser to dedicate increased resources and to allocate more profitable investment opportunities to the Funds that are charged a higher performance-based fee or better-performing Funds (in order to increase the amount of performance-based fees payable to the NMP General Partners). The Adviser believes that the fact that (i) the Funds have similar carried interest formulas, (ii) the Funds do not have overlapping primary investment periods (with the exception of the parallel funds, as discussed above in Item 4) and (iii) the Adviser maintains allocation procedures (set forth in Item 10 below), serve to mitigate those potential conflicts of interest.

#### Item 7 – Types of Clients

As described in Item 4 above, the Adviser currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in the Funds. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are “accredited investors” as defined under the Securities Act, and may include, among others, high net worth individuals, banks, pension and profit sharing plans, trusts, non-profit organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

#### Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

The following is a summary of (i) the current strategies, methods of analysis and instruments that the Adviser uses in formulating advice or managing assets (and their material risks) for the Funds and (ii) certain material risks associated with the types of securities and strategies that the Adviser primarily recommends to the Funds.

### Methods of Analysis, Investment Strategies and Instruments

The Funds focus on making venture capital investments in information technology and healthcare companies, which are generally made through early-stage investments or second-stage financings, but may also include investments in seed financings of incubated projects where key management is not yet in place.

Each Fund's general investment objectives include: (i) being the first institutional investor in most of the companies in which the Fund invests; (ii) acquiring a substantial ownership interest in each company in which the Fund invests; and (iii) serving on the board of directors of most of the companies in which the Fund invests.

The Adviser has continued to focus and refine its strategy to seek to create for the Funds a portfolio of unique companies with strong prospects for success. This strategy consists of six distinct components:

- Developing vertical expertise in specific segments of the information technology and healthcare industries.
- Maintaining a meaningful ownership position and influence as a lead investor<sup>1</sup> in the Funds' portfolio companies. The Adviser believes that this is critical to playing an active role in seeking to build solid management teams and in driving exits at the optimal time to maximize value.
- Identifying companies with solid customer traction at attractive valuations.
- Developing a disciplined process for sourcing, investigating and managing portfolio investments.
- Leveraging a talented network with strong domain expertise to manage the Funds' portfolio companies. The Adviser seeks to back proven management teams, recruit talented executives at the time of investment and upgrade management teams over time.
- Driving exits and realizations. The Funds seek to influence the timing and process for an exit through strong relationships with management and the Adviser's ability to build board consensus.

### Certain Related Risks

An investment in the Funds entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating and bearing that risk. Prospective investors should carefully consider the following factors in connection with an investment in the Funds. The following is not a complete list of all risks involved in connection with an investment in the Funds. There can be no assurance that the Funds will be able to achieve their investment objective, that limited partners will receive a return on their capital or that limited partners will recover the capital contributed by them. Investment results may vary substantially on a quarterly or annual basis.

### No Assurance of Investment Return

The Adviser's task of identifying, negotiating and managing portfolio investments and realizing a significant return for investors is difficult. Many similar venture capital funds have been unable to successfully make, manage and realize profits on such investments.

### Nature of Fund Investments

Most portfolio investments will be highly illiquid, and there can be no assurance that the Funds will be able to realize a return on such investments in a timely manner or at attractive prices. Successful venture capital investments generally take five years from the date of the initial investment or longer before gains may be realized. Losses on unsuccessful investments are generally realized more quickly. As a result, investment in the Funds requires a long-term commitment, with no certainty of return. The illiquidity of the Funds' investments results from several factors, including the following:

- Portfolio investments involve the purchase of privately-issued securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or pursuant to an exemption from registration

---

<sup>1</sup> While the Funds may be lead investors in their respective portfolio companies, they generally hold minority interests in those companies.



under the Securities Act. Registering securities under the Securities Act requires a substantial investment of the Adviser's time and attention and a substantial investment of cash by the issuer of those securities. There can be no assurances that private purchasers will be found for the Funds' investments or that a market for the securities held by the Funds would exist even following registration.

- The cultivation of a portfolio investment for disposition, together with the disposition itself, may involve a substantial amount of time. Even when a portfolio investment is successfully disposed, some of the consideration may be deferred through the use of earn-outs, promissory notes, escrows, holdbacks and other similar arrangements.
- Portfolio investments are generally in equity or equity-related securities, which by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk and can result in substantial losses. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as regional, domestic or international economic and political developments, may significantly affect the results of the Adviser's activities. As a result, the Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

#### Minority Investments

Although the Adviser anticipates obtaining appropriate shareholder rights to seek to protect the Funds' investment in portfolio companies, the Funds generally hold non-majority interests in portfolio companies and, as a result, may have limited ability to protect its position in portfolio companies.

#### Risks Associated with Early Stage Companies

The Funds invest in early stage companies that will likely require successive rounds of financing before a Fund is able to dispose of its investment. The Funds may be called upon to increase an investment in certain portfolio companies. There can be no assurance that the Funds will wish to make these follow-on investments or that the Funds will have sufficient funds to do so. Any decision not to make follow-on investments, or the Funds' inability to make them, may have a substantial negative impact on a portfolio company in need of such investment or may diminish the Adviser's ability to influence such portfolio company's future development.

#### Investments in Technology Sector

The Funds make investments in portfolio companies operating in the technology sector. The technology industry sector is challenged by factors including rapid change, evidenced by rapidly changing market conditions and/or participants, new competing products and improvements in existing products. There is no assurance that products or services provided by the Funds' portfolio companies will not be rendered obsolete or adversely affected by competing products.

#### Lack of Diversification

The Funds generally may not invest more than 15% of their committed capital in the securities of any one issuer. Nonetheless, the Funds, by their nature, will only make a limited number of portfolio investments. Poor performance by a few of the investments could severely affect the total returns to the limited partners.

#### Difficulty of Locating Suitable Investments

The success of the Funds depends on the Adviser's ability to identify suitable portfolio investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of its investments in portfolio companies on favorable terms. There can be no assurances that there will be a sufficient number of suitable investment opportunities to enable the Funds to invest all of their committed capital in opportunities that satisfy the

Funds' investment objectives. Identification of attractive investment opportunities generally will be subject to market conditions. Competition for such opportunities is expected to be substantial.

#### Dependence on Key Personnel

The success of the Funds depends in substantial part on the skill and expertise of the Adviser's personnel. There can be no assurance that any of those individuals will continue to be employed by the Adviser throughout the life of the Funds. The loss of key personnel could have a material adverse effect on the Funds.

#### No Right to Control the Funds' Operations

Limited partners have no opportunity to control the day-to-day operations of the Funds, including investment and disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of the Funds, limited partners must rely entirely on the Adviser to conduct and manage the affairs of the Funds.

### Item 9 – Disciplinary Information

Form ADV Part 2 requires investment advisers such as the Adviser to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to your evaluation of our advisory business or the integrity of our management. At this time, the Adviser has no information to report that is applicable to this item.

### Item 10 – Other Financial Industry Activities and Affiliations

As described above in Item 4, NMP and the NMP General Partners are affiliated entities that provide advisory services to the Funds.

#### Potential Conflicts of Interest

Certain inherent conflicts arise from the fact that the Adviser provides advisory services to more than one client, and its clients have (and may in the future have) overlapping investment objectives and strategies, which could affect the prices and availability of investment opportunities.

However, except for the parallel funds, as discussed in Item 4 above, the Funds do not have overlapping primary investment periods. Further, the Adviser maintains and complies with an allocation policy that is intended to mitigate any potential conflicts associated with allocation decisions (as described below).

Under certain circumstances, the Funds may invest in securities or other instruments of the same issuer (or affiliated group of issuers) having a different seniority in the issuer's capital structure. If the issuer becomes insolvent, restructures or suffers financial distress, there may be a conflict between the interests of the Funds insofar as the issuer may be unable (or in the case of a restructuring prior to bankruptcy, may be expected to be unable) to satisfy the claims of all classes of its creditors and security holders. Under these circumstances, it may not be feasible for the Adviser to reconcile the conflicting interests of those Funds in a way that protects each of those Funds' interests.

Investments in follow-on opportunities may present conflicts of interest, including the determination of the equity component and other terms of the new financing as well as the allocation of investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

In order to mitigate the foregoing potential conflicts of interest, the Governing Documents provide that, without the consent of the relevant Limited Partner Committee, a Fund may not invest in the securities of any issuer whose securities are then held (or are being acquired) by any prior or successor Fund.

#### Allocation Policy

The Adviser has allocation policies and procedures in place to be utilized in those instances where it is allocating investment opportunities or expenses among multiple Funds. These policies and procedures generally require that, where Funds have overlapping primary investment periods, the Adviser allocate investment opportunities among those Funds *pro rata* based on available committed capital (including, in respect of SBIC, the maximum leverage available to be provided by the SBA to SBIC, and subject to any applicable legal, tax or regulatory considerations). Any costs and expenses that are applicable to more than one Fund are generally allocated *pro rata* based on the committed capital of each Fund (or, if the expense relates to a portfolio company in which more than one Fund has invested, based on the cost basis of each Fund's investment in the relevant portfolio company). Fund VII and SBIC are subject to more explicit expense allocation procedures that require, for example, D&O and management liability insurance costs to be allocated among Fund VII and SBIC *pro rata*, based upon the respective cost basis of all securities of all portfolio companies owned by Fund VII and SBIC, respectively (including, for the avoidance of doubt, in the case of SBIC, any securities acquired by SBIC utilizing leverage).

The Adviser believes that these practices are designed to reasonably ensure that its clients are treated in a fair and equitable manner over time.

#### Side Letters

By entering into side letters, certain investors in the Funds may receive information that is not generally available to, or utilized by, other Fund investors and, as a result, may be able to act on such information when other investors cannot. However, because investors are generally not permitted to withdraw voluntarily from a Fund, the Adviser believes that investors' ability to act on any such information (vis-a-vis the Funds) is limited.

#### Limited Partner Committee

With the exception of Fund V and Fund V-B, each Fund has a limited partner advisory committee (a "**Limited Partner Committee**"), whose members are limited partners that have negotiated a right to appoint a member of the Limited Partner Committee or who have been selected to participate in the Limited Partner Committee by the relevant NMP General Partner. Each Limited Partner Committee is responsible for reviewing the relevant NMP General Partner's quarterly determination of fair market value of the relevant Fund's assets and exercising consent rights on behalf of the relevant Fund. Limited Partner Committee members are subject to the confidentiality requirements set forth in the Governing Documents and are also required to annually represent their compliance with federal securities laws in connection their service on the Limited Partner Committee.

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

#### Code of Ethics and Personal Trading

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust, and has adopted a Code of Ethics (the "**Code**") to help itself meet those standards. For example, under the Code, certain Adviser personnel must provide the Adviser with initial and annual holdings reports and quarterly transactions reports. Adviser personnel must also obtain pre-clearance from the Adviser's Chief Compliance Officer prior to investing in any private placement or participating in any initial public offering.

Adviser personnel who violate the Code may be subject to remedial actions, which may include profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser personnel are required to promptly report any violation of the Code of which they become aware, and are required to annually certify compliance with the Code.

Clients, prospective clients, Fund investors, and prospective Fund investors may review a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

### Potential Conflicts of Interest

*Personal Trading.* Subject to the Code, as described above, and the Governing Documents, as described below, the Adviser and its personnel may engage in investment activities for their own accounts or for family members and friends. These activities may involve the purchase and sale of securities that are the same as, but in different concentrations or effected at different times and prices than, those purchased or sold for the Funds' accounts. These activities may also involve the purchase and sale of securities that are different from those purchased for the Funds.

Subject to the Code, as described above, and the Governing Documents, as described below, the Adviser and its personnel may invest, on behalf of themselves, in securities or other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of a Fund. The Adviser and its personnel may give advice or take action for their own accounts that may differ from, conflict with or be adverse to, advice given to or action taken for a Fund. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more of the Funds. No Fund investor or Fund will have an interest in such investments or other investment funds organized or sponsored by the Adviser by virtue of its status as an investor or client (notwithstanding the fact that those investments may be in competition with those of the Funds).

However, the Governing Documents explicitly prohibit NMP, the relevant NMP General Partner and their respective personnel from engaging in any transaction that might reasonably be viewed, at the time of the transaction, as trading against or in any way detrimental to the best interests of the relevant Fund. NMP, the relevant NMP General Partner and their personnel are also required to make available to the relevant Fund all investment opportunities that come to the attention of such persons if the relevant NMP General Partner reasonably believes that such opportunity is appropriate for consideration by the Fund. NMP, the relevant NMP General Partner and their respective personnel are further restricted from, for example, investing in an issuer in which a Fund is investing or in any non-marketable security of an issuer that is a portfolio company of the Fund. In addition, the Governing Documents for Fund VII and SBIC preclude co-investment by certain related persons of the Adviser (unless consent is provided by the relevant Fund's Limited Partner Committee).

*Outside Activities.* Adviser personnel may have certain conflicts in allocating their time and services among the Funds. Adviser personnel will work on multiple endeavors, including the Funds and the Adviser's other existing and potential business activities (as well as any personal activities, within the parameters of any employment agreement and the Governing Documents). For example, as discussed in Item 6, Adviser personnel may be incentivized to devote more time and attention to the Fund that appears to have the potential to generate the greatest performance-based fee. Notwithstanding the foregoing, the Governing Documents contains restrictions on the principal business activities of certain principals of the Adviser.

Conflicts of interest may arise because Adviser personnel often serve as directors of the Funds' portfolio companies. In addition to any fiduciary duties that the Adviser and its personnel owe to the Funds, as directors of a portfolio company, those personnel owe duties to the portfolio company. Those positions may place the Adviser and its personnel in a position where they must make a decision that is either not in the best interests of a Fund or not in the best interests of the portfolio company.

*Co-Investment Opportunities.* On rare occasions, the Adviser may in the future provide co-investment opportunities in respect of portfolio investments when the Adviser, in its sole discretion, determines that such co-investment would be in the best interest of the relevant Fund. Co-investment opportunities are offered to each investor in the relevant Fund(s), and, if the co-investment opportunity is oversubscribed, will be allocated as between Fund investors based on committed capital. While this was not the case with the earlier Funds (for example, Fund V, Fund V-B and Fund VI), Fund VII and SBIC preclude co-investment by certain persons related to the Adviser (without the consent of the relevant Fund's Limited Partner Committee).

*Service Providers.* The Adviser may, in its discretion, recommend to a Fund or to a portfolio company (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (such as a Fund's portfolio company) or (ii) an entity with which the Adviser or its personnel

has a relationship or from which the Adviser or its personnel otherwise derives financial or another benefit. When making such a recommendation, the Adviser may, because of its financial or other interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide the services at a lower cost.

*Service Providers as Fund Investors.* The Adviser has service providers, including, for example, investment bankers and outside legal counsel, who are investors in Fund(s) and/or who provide services to business that are competitors of the Adviser (and the Funds). The Adviser may have a conflict of interest in respect of the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by the belief that the service provider will continue to invest in Fund(s) or will provide the Adviser information about markets and industries in which the Adviser operates or is interested in or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

*Portfolio Company Conflicts.* The Adviser may have an incentive to recommend the products and services of certain Fund investors to the Funds or their portfolio companies for use or purchase, even though those products or services recommended may not necessarily be the best available to the Funds or the portfolio companies. Also, portfolio companies in which the Funds have invested may provide services to certain Fund investors. The Adviser may have an incentive to cause that portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or service, which could adversely affect the portfolio company's profitability (and therefore the Fund's performance).

## Item 12 – Brokerage Practices

### *Selection of Intermediaries*

The Adviser has the authority to determine without client consultation or consent the investment bankers, brokers or other intermediaries (if any) (together, “**intermediaries**”) through which the Funds purchase or sell portfolio investments, and the compensation at which such transactions are effected.

In selecting intermediaries, the Adviser's policy is to seek best execution on an overall basis, which means that it seeks to ensure that a client's total cost or proceeds is the most favorable under the circumstances on an overall basis. Accordingly, transactions will not always be effected at the best price or the lowest available compensation.

The Adviser does not adhere to any rigid formulas in making its selection of intermediaries to assist with portfolio transactions on behalf of the Funds, but weights a combination of factors or criteria. For example, the determination of what is expected to result in the best execution on an overall basis involves a number of factors, including:

- reliability;
- industry knowledge;
- reputation;
- ability to provide access to potential purchasers of portfolio companies;
- efficiency;
- idea generation;
- competitive compensation; and
- general responsiveness.

The Adviser currently does not receive (and does not anticipate receiving) products and services (aside from execution services) from intermediaries. Further, the Adviser does not consider, in selecting or recommending intermediaries, whether it or a related person receives limited partner referrals from such intermediaries. The Adviser does not enter into directed brokerage arrangements.

### Item 13 – Review of Accounts

#### Frequency and Nature of Review of Funds' Accounts

The NMP General Partners are responsible for monitoring and reviewing the portfolio company investments of the Funds. Such investments are reviewed quarterly; however, the Partners hold weekly meetings to discuss investments, portfolio companies and new investment opportunities. Situations which trigger a discussion of a portfolio company include: (1) a recent board meeting of the portfolio company; (2) the consideration of a follow-on investment to be made by a Fund; (3) a significant change, either positive or negative, in the underlying business of the portfolio company; and (4) a decision by the portfolio company's board or the relevant NMP General Partner to sell or liquidate a Fund's investment in a portfolio company.

A Partner currently serves on the board of many of the portfolio companies in which the Funds are invested, and through this role actively participates in oversight of that portfolio company on behalf of the relevant Fund.

The NMP General Partners also periodically review the reported fair value of each portfolio investment. Such reviews typically occur quarterly and include consideration of significant events in the portfolio companies in which the Funds invest or the financial industry generally.

#### Reports to Investors in the Funds

Within 100 days of the end of each fiscal year, the Funds furnish annual financial statements audited by an independent public accounting firm to all limited partners in the relevant Fund. Quarterly unaudited financial statements are also sent to the limited partners; for the June and December reporting periods, such statements include an accompanying report with narrative explanations regarding each portfolio company's recent performance and progress. The audited financial statements and unaudited financial statements are prepared in accordance with U.S. generally accepted accounting principles except for the absence of footnotes in the unaudited quarterly statements.

### Item 14 – Client Referrals and Other Compensation

The Adviser has and may in the future enter into arrangements with third parties whereby such third parties receive fees for referring investors to the Funds. Any such compensation will only be paid if an investor is aware of the fee arrangement (through disclosures or acknowledgments included in a Fund's subscription materials) and the arrangement otherwise complies with applicable rules and regulations.

As discussed above in Item 5, any and all Fee Income received by the NMP General Partners or their related persons is treated as a 100% offset against the management fees next payable by the relevant Fund.

### Item 15 – Custody

To the extent required by applicable law, the Fund's securities and funds are held by qualified custodians. As noted in Item 13 above, Fund investors receive annual financial statements audited by an independent public accounting firm for the Fund(s) in which they have invested. Fund investors are urged to carefully review such statements.

### Item 16 – Investment Discretion

The Adviser exercises discretion in managing each Fund, based on the relevant Fund's investment objectives, policies and strategies as described in the relevant Governing Documents and the terms of any side letters between the Adviser and Fund investors (as described in Item 4 above). The Adviser typically assumes this authority through the Governing Documents.

### Item 17 – Voting Client Securities

Generally, the Funds do not acquire investments that require the Adviser to vote proxies on behalf of the Funds. However, pursuant to Rule 206(4)-6 under the Advisers Act, the Adviser has adopted proxy voting policies and procedures (the “**Proxy Policies**”) that would apply if the Adviser were to vote proxies on behalf of a Fund.

Under the Proxy Policies, the Adviser's general policy is to vote proxy proposals, amendments, consents or resolutions relating to securities held by the Fund, including interests in private investment funds, if any (collectively, “**proxies**”), in a manner that serves the best interests of the Funds (without regard to the interests of the Adviser and its related parties). Clients may not direct the Adviser's vote in respect of a particular solicitation. The Adviser's Proxy Policies provide that, in the case of any potential material conflict of interest related to a proxy vote, the proxy will be voted through an independent third party proxy voting service. The Adviser believes that this would serve to mitigate any potential conflict of interest related to the proxy vote between the Adviser and its clients.

You may request a copy of the Adviser's Proxy Policies and the proxy voting record relating to the Fund(s) in which you are invested by contacting the Adviser at the address or telephone number listed on the first page of this document.

### Item 18 – Financial Information

Form ADV Part 2 requires investment advisers such as the Adviser to disclose any financial condition reasonably likely to impair our ability to meet contractual commitments to clients. At this time, we have no information to report that is applicable to this item.