

## Item 1: Cover Page



### **ESTANCIA CAPITAL MANAGEMENT, LLC**

Form ADV Part 2A: Firm Brochure

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This brochure provides information about the qualifications and business practices of Estancia Capital Management, LLC and its affiliates (collectively “Estancia” or “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 480-448-5001 or [info@estanciapartners.com](mailto:info@estanciapartners.com).

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

Estancia is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## **Item 2: Material Changes**

Estancia filed its initial application to register as an investment adviser with the SEC December 21, 2012 and its registration was approved on January 2, 2013. Pursuant to disclosure rules under the Advisers Act, this Brochure was compiled by Estancia to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, potential conflicts of interest and background of its advisory personnel. We encourage all recipients to read this Brochure and Governing Fund Documents (defined below) carefully.

Since Estancia last filed its brochure on December 21, 2012, the following item(s) have been amended: Item 10 has been amended to reflect new portfolio companies resulting from Fund (defined below) investments.

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## Item 4: Advisory Business

Formed in 2009, Estancia Capital Management, LLC (“Estancia”) is organized as a limited liability company under the laws of the State of Arizona. Estancia was founded and is owned by Michael Mendez, Takashi Moriuchi, and Danny Kang (each, a “Principal” and, collectively, the “Principals”).

Estancia serves as an investment manager and provides discretionary advisory services to a private investment partnership, Estancia Capital Partners, LP (the “Fund”). Estancia GP, LLC serves as the Fund’s general partner (“General Partner”). The General Partner is controlled by its managing member, Estancia Managing Directors, LLC (“Managing Member”), which itself is controlled by a board comprised of the Principals. The General Partner delegates management of the day-to-day affairs of the Fund to Estancia Capital Management, LLC, the investment adviser. Unless and only to the extent that the context otherwise requires, **references to Estancia include both the management company and the General Partner.**

The Fund has been established for the purpose of making equity investments in businesses that manage assets on behalf of their clients or in businesses that provide asset management related business services (each, a “Portfolio Company” and, collectively, the “Portfolio Companies”). Estancia’s investment advice is generally limited to these types of investments.

In providing services to the Fund, Estancia executes on the Fund’s investment objectives, directs and manages the investment and reinvestment of Fund assets, and provides reports to investors. Investment advice is provided directly to the Fund and not individually to the limited partners or shareholders of the Fund (the “Investors” or “Limited Partners”). Estancia manages the assets of the Fund in accordance with the terms of the Fund’s confidential offering and/or private placement memoranda, the limited partnership agreement (“LPA”), and other governing documents applicable to the Fund (collectively, the “Governing Fund Documents”). All terms are generally established at the time of the formation of a Fund, and are only terminable once the applicable Fund is dissolved, wound up, and terminated.

Individual Investors may not restrict investments by the Fund in any capacity, and except in limited circumstances, Limited Partners are not permitted to withdraw from a Fund prior to the Fund’s dissolution. However, the Fund may enter into separate agreements, commonly referred to as “side letters,” or other similar agreements with a particular Limited Partner in connection with its admission to the Fund, which could have the effect of establishing rights under or supplementing the terms of the Fund’s LPA with respect to such Limited Partner in a manner more favorable to such Limited Partner than those applicable to other Limited Partners.

Shares or limited partnership interests in the Fund are offered pursuant to exemptions under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Fund is not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in the Fund are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements.

As of December 31, 2013, Estancia managed \$139,419,000 of Regulatory discretionary assets on behalf of the Fund. Estancia does not manage any assets on a non-discretionary basis.

## Item 5: Fees and Compensation

### General

Estancia provides investment advisory services to the Fund pursuant to a letter agreement (the “Management Agreement”). The Management Agreement, along with specific organizational documents, set forth in detail the fee structure relevant to the Fund.

Estancia generally receives compensation from fees based on a percentage of assets under management (capital commitments to the Fund), carried interest allocations, an administrative fee, and certain other fees or expenses related to transactions (see below).

Under the terms of the LPA, Estancia is authorized to deduct management fees and carried interest directly from the Fund. In addition, the Fund may pay organizational and other expenses as described below. Estancia’s services may be terminated by the Fund at any time upon 90 days prior written notice. Upon termination of the agreement, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### Management Fee

The Fund pays Estancia an annual management fee of up to 2.0% per annum of committed capital during the commitment (investment) period which terminates on the fifth anniversary of the initial closing date; thereafter the fee is reduced ratably (by 12.5 basis points) over the next four years to a fee of 1.5% per annum (the “Management Fee”). The Management Fee is generally payable quarterly in advance and typically based upon *committed capital* during the commitment (investment) period and on *net invested capital* thereafter, in each case in accordance with the LPA. Estancia reserves the right to waive or reduce management fees for certain investors, pursuant to the terms of the LPA.

### Carried Interest Allocations

A portion of the Fund’s net investment profit may be allocated to the capital account of its General Partner and pursuant to a side letter to any Limited Partner (collectively, “Carry Partners”) as “carried interest.” The manner of calculation of such carried interest is disclosed in the LPA. Generally, however, 20% of the investment profits of the Fund are allocated as carried interest to such Carry Partners with a preferred return of 8% per annum, subject to a catch-up, a clawback and an escrow account. Carried interest is generally payable when there is a distribution of distributable proceeds reflecting profits as a result of an investment in a Portfolio Company together with any dividend or interest income with respect to such investment. Carried interest allocations are separate and distinct from the Management Fee paid to Estancia. In accordance with the terms of the LPA, Estancia reserves the right to waive or reduce carried interest for certain investors.

### Administrative Fee

Pursuant to an administrative services agreement between Estancia and the General Partner, Estancia has agreed to provide administrative, support, and consulting services to the General Partner relating to the General Partner’s management of the Fund. In exchange for these services, Estancia receives an administrative fee (“Administrative Fee”). This may create a conflict of interest because some of the costs and expenses may be reimbursed by the Fund. To mitigate this potential conflict, the LPA identifies costs and expenses that may be charged to the Fund.

### Other Fees

Estancia may receive director's fees, commitment fees, transaction fees, investment, consulting or advisory fees, management fees or break-up fees (including, without limitation, proceeds from the disposition of any options, warrants or other equity securities) and other similar fees associated with investments or proposed investments or commitments made by the Fund from Portfolio Companies or their respective affiliates ("Other Fees"). A percentage of these Other Fees are generally applied to reduce the annual Management Fee.

### Organizational Expenses

Subject to the terms of the LPA, the Limited Partners will indirectly bear all costs and expenses incurred by the Fund and related entities in connection with the organization and formation of the Fund and the offering and sale of limited partnership interests, including attorneys' fees, accountants' fees, data site creation and maintenance, printing and mailing costs, charges of agents and depositories, costs of filings for, registration and qualification of the limited partnership interests under applicable securities laws, and reimbursements of reasonable out-of-pocket expenses associated with the formation of the Fund and the sale of limited partnership interests; provided, however, that it is acknowledged that the Fund will not pay, and thereby organizational expenses shall not include, (a) any investment banking or private placement fees in connection with the offering or (b) any organizational expenses in excess of \$1,000,000. Organizational expenses that are the common expense of the Fund and any affiliate fund shall be allocated between such entities based on the respective capital commitments of each entity.

### Other Expenses Charged to the Fund

Subject to the terms of the LPA, the Fund's Limited Partners will also indirectly bear the costs and expenses relating to the Fund's activities, investments and business (to the extent not borne or reimbursed by a Portfolio Company), including (a) all costs and expenses attributable to acquiring, holding, monitoring and disposing of the Fund's investments (including interest on money borrowed by the Fund, registration expenses and brokerage, finders', custodial and other fees), (b) third-party legal, accounting, auditing, consulting and other fees and expenses (including expenses for such third parties associated with negotiating, consummating, monitoring and disposing of the Fund's particular portfolio investments and the preparation of Fund's financial statements, tax returns and Schedules K-1), (c) expenses of the Fund's advisory committee and its members, (d) extraordinary expenses of the Fund (including, but not limited to, litigation and indemnification costs and expenses incurred in accordance with the terms of the LPA), and (e) all out-of-pocket fees and expenses relating to investment and disposition opportunities for the Fund whether consummated or not consummated (including legal, accounting, consulting, printing and other fees). All costs and expenses that are the common expense of the Fund and any affiliate fund shall be allocated among such entities based on the respective capital commitments of each entity.

The Fund will not bear any costs and expenses associated with regulatory compliance of the Fund and Estancia under the Advisers Act.

*Please see Item 12. Brokerage Practices* for further information on the factors that Estancia considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

## **Item 6: Performance Based Fees and Side-by-Side Management**

As described above, Estancia (its Principals and other professionals of Estancia) receives performance-based compensation in the form of carried interest. Calculation of such carried interest is based on the profits generated on the sale or disposition of Fund assets. Carried interest is calculated on an investment-by-investment basis. The fact that a significant portion of the potential compensation of Estancia's Principals and other professionals is computed on the basis of profits generated by the sale or disposition of Fund assets, an incentive could exist for Estancia to make investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such compensation.

## **Item 7: Types of Clients**

Estancia provides discretionary management and advisory services to the Fund directly, subject to the direction and control of the General Partner, and not individually to the Limited Partners. Investors in the Fund may include, but are not limited to, pension and profit sharing plans (corporate and governmental entities), endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), charitable organizations, corporate or business entities, individuals, trusts and estates.

Subscriptions for capital commitments may be accepted or rejected on behalf of the Fund by the General Partner (which may refuse to admit any Limited Partners for any reason whatsoever). The minimum capital commitment for any person that is an individual shall be \$1,000,000 and the minimum capital commitment for any other person and/or entity shall be \$5,000,000; provided, however, that the General Partner may accept capital commitments of a lesser amount in its sole discretion.

Investors will be required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Limited Partners will also be required to make certain representations when investing in the Fund, including, but not limited to that (i) the Limited Partner has been given access to information regarding the Fund and the risks associated with an investment therein, and has utilized such access to the Limited Partner's satisfaction for the purpose of obtaining information about the Fund; particularly, the Limited Partner has either attended or been given reasonable opportunity to attend a meeting with the General Partner for the purpose of asking questions of, and receiving answers from, the General Partner concerning the terms and conditions of the offering of the interest in the Fund and to obtain any additional information, to the extent reasonably available, necessary to verify the accuracy of information provided to the Limited Partner about the Fund, (ii) the Limited Partner is acquiring an interest for his own account, (iii) the Limited Partner is a sophisticated investor, (iv) the investment in the Fund is suitable for the Limited Partner, (v) the Limited Partner has obtained to the extent it deemed necessary professional advice with respect to the risk(s) inherent in the investment in the Fund, (vi) the Limited Partner has the ability to bear the economic risk of an investment in the Fund, and (vii) the Limited Partner recognizes that an investment in the Fund involves a high degree of risk. Details concerning applicable Limited

Partner suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are made available to or furnished to each Limited Partner.

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

### Investment Strategies and Methods of Analysis

The Fund will make and manage investments in the asset management industry, including businesses that manage assets on behalf of, or provide advice to, their clients and businesses that provide other products or services related to asset management. The Fund will make investments primarily in smaller to lower middle-market firms, including established investment teams seeking a new platform from which to provide their services. Fund investments may facilitate a wide range of strategic development transactions, including management buyouts from larger financial firms, private firm ownership transitions, growth initiatives, recapitalizations and investment team lift-outs. The investment objective of the Fund is to generate superior long-term capital appreciation through such investments. For a description of the Fund's investment restrictions, Limited Partners are requested to refer to the LPA.

Estancia's investment analysis typically follows a **four step process**, which may vary depending on the particular investment opportunity: Preliminary Review, Preliminary Due Diligence, Execution of Term Sheet, and Confirmatory Detailed Diligence. During the **first step**, Estancia typically analyzes potential investments based on various factors that typically include: length of track record, absolute performance, relative performance to peer universe and benchmark, tracking Error, sharp ratio, up/down capture ratio, style drift and performance pattern analysis, asset growth by product and channel type, and client concentration. In addition, Estancia meets with management and prepares an investment opportunity summary. During the **second step**, Estancia typically creates a preliminary due diligence request list, develops a financial model and proposed investment structure and capital structure, and creates a term sheet, which is reviewed and approved by Estancia's investment committee ("Investment Committee"), which is comprised of the Principals. During the **third step**, Estancia typically executes the term sheet. During the **final step**, Estancia and its retained advisors conduct a full confirmatory due diligence process.

Also, Estancia has established the following qualitative investment criteria to evaluate potential investments that typically include: "institutional quality" investment process; annuity-type fee-based, recurring revenue models; experienced, goal-oriented, cohesive management team; investment offerings aligned with long-term market (macro) trends; scalable investment products possessing capacity and growth potential; alignment of equity ownership interests with management; receptivity and desire to implement value creation initiatives; reasonable valuation parameters; acceptable control rights if not majority shareholder; and pre-determined viable exit opportunities/options.

Identifying and participating in Portfolio Company investments and assisting in building successful enterprises is challenging. Many investment decisions made by Estancia will be dependent upon the ability of Estancia to obtain relevant information predominantly from non-public sources, and reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the control of Estancia.



### Alternative Investment Vehicles

Subject to the terms of the LPA, if Estancia determines in good faith it is desirable that an investment be made through an alternative investment structure, upon written notice to the Limited Partners, Estancia may direct any Limited Partner to make their investment either directly or indirectly through an alternative investment vehicle. Limited Partners are requested to refer to the LPA for further details on any alternative investment vehicle established to invest on a parallel basis with or in lieu of the Fund.

### Follow on Investments

The Fund may make investments to preserve, protect or enhance the value of then existing Portfolio Companies (“Follow-On Investments”) during the life of the Fund. Limited Partners are requested to refer to the LPA for a further description of Estancia’s authority relating to Follow-On Investments.

### Co-Investment Opportunities

Estancia may offer the right to participate in investment opportunities of the Fund to other private investors, groups, partnerships or corporations (including one or more of the Limited Partners or their affiliates or related persons). Such co-investment opportunities could exist when and if Estancia determines that such co-investment would be in the best interest of the Fund, would be beneficial to the consummation of the investment by the Fund and would be made on terms generally no better than those made available to the Fund. Limited Partners are requested to refer to the LPA for further details on co-investment activities.

### Investments Outside of the Fund

Subject to the terms of the LPA, prior to the end of the commitment (investment) period or such time as the Fund is fully invested, any investment suitable for the Fund that is presented to Estancia or the Principals is generally required to be offered first to the Fund. To the extent that an investment is offered to the Fund and the Fund declines to invest in such opportunity, the Principals generally shall not invest in such opportunity without prior disclosure to Fund’s advisory committee, which consists of select Limited Partners of the Fund who are not affiliated with Estancia (“Advisory Committee”). Limited Partners are requested to refer to the LPA for further details on investments outside of the Fund and the role of the Advisory Committee.

### **Certain Risk Factors**

All investing involves a risk of loss and illiquidity. The investment strategy offered by Estancia could lose money over short or even long periods. An investment in the Fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of their investments in the Fund. Estancia expects that an investment in the Fund does not represent all of an investor’s assets. No guarantee or representation is made that a Fund will achieve its investment objective or that Limited Partners will receive a return of their capital.

An investment in the Fund involves a significant amount of risk and is suitable only for investors of substantial means who have no immediate need for liquidity in the amount invested and who can afford to lose all or a substantial portion of their investment. A Limited Partner may not receive a return of any of its capital contributions. The representative risks and uncertainties

below are not the only ones faced by the Fund. In addition, potential investors should be aware that there will be occasions when Estancia and its affiliates may also encounter potential conflicts of interest in connection with the Fund.

The descriptions contained below are a brief overview of representative risks related to the Fund's investment strategy and valuation; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Fund. Limited Partners are requested to refer to the Governing Fund Documents for complete information on the investment strategies employed by the Fund and the representative risks associated with such strategies.

The following potential *risks* and *conflicts of interest* related to an investment in the Fund remain subject to and may or may not be qualified in their entirety by the final LPA and, as to any Limited Partner, the subscription agreement and any other agreement entered into between the General Partner and such Limited Partner relating to the purchase of interests. Such agreements may include terms that differ materially from the terms contemplated in the original offering memorandum dated November 2011, and accordingly should be reviewed carefully prior to making an investment decision.

*Forward Looking Statements:* Information that the Fund and Estancia has provided investors may contain forward-looking statements relating to future events or the future performance of the Fund or its Portfolio Companies. In some cases, prospective investors can identify forward-looking statements by terminology such as may, will, should, expect, plan, intend, anticipate, believe, estimate, predict, potential or continue, the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, prospective investors should specifically consider various factors, including the representative risks outlined in this section. These factors may cause actual events or results to differ materially from any forward-looking statement. Although Estancia believes that the expectations reflected in any forward-looking statements are reasonable, future results, levels of activity, performance or achievements cannot be guaranteed. Moreover, neither Estancia, the Fund, the Principals nor any of their affiliates assume responsibility for the accuracy and completeness of forward-looking statements. Estancia, the Fund, and the Principals and their affiliates are under no duty to update any forward-looking statements previously delivered to investors to conform such statements to actual results or to changes in expectations.

*Investments in Private Companies Are High-Risk:* The Fund investment portfolio will consist primarily of equity securities issued by early stage private companies engaged in the asset management and related business services industries. Investments in such companies involve greater business and financial risk than that generally associated with investments in more established companies. Less established companies tend to have lower capitalization and fewer resources and, therefore, often are more vulnerable to financial failure. Typically there is an illiquid market for the securities of such companies. Such companies also may have shorter or no operating histories on which to judge future performance. Estancia may rely upon its own or a Portfolio Company's projections concerning the Portfolio Company's future performance as well as certain factors beyond the control of Estancia and the Portfolio Company. The marketability and value of any such investments will depend upon many factors beyond the control of Estancia.

These Portfolio Companies may have new or unproven business models that ultimately may not be successful. These Portfolio Companies can experience failures or substantial declines in value at any stage and may face intense commercial competition from other companies, including established companies with significantly greater resources. Accordingly, there can be no assurance that the Fund's Portfolio Companies will be profitable, will be able to obtain liquidity for the holders of their securities (including the Fund) or that any distribution as a result of the Fund's investments in Portfolio Companies will be made to the Limited Partners.

*Valuation of Assets:* It is anticipated that the Fund's investments will typically be in privately held Portfolio Companies. Fair values of such investments are estimated by Estancia based on guidance promulgated under ASC 820-10 (originally issued as FAS 157). When estimating fair value, Estancia will apply methodologies including, but not limited to, market based valuation and cash-flow based valuation, and in all cases based on its best judgment appropriate in light of the nature, facts and circumstance of the investments. Securities that are not freely tradable will be valued pursuant to methodologies approved by the Advisory Committee, which has the ability to object to Estancia's valuation of the Fund's securities. Limited Partners are requested to refer to the Governing Fund Documents for a further description of valuation of Fund (partnership) assets.

*Economic and Equity Markets Risks:* The public and private equity markets have experienced significant volatility in recent years. Investments in private companies involve inherent and significant risks. Companies in which the Fund invests may be sensitive to general downward swings in the overall economy or in particular industries, none of which will be within the control of Estancia, and which may in turn negatively impact the Fund's investments in such companies and thereby reduce or eliminate returns to the Fund's investors and could result in a complete loss of an investor's capital contributions. These risks are increased given that the Portfolio Companies in which the Fund will invest are involved in the management of equity investments. Accordingly, fees and income earned by such companies will be directly affected by these conditions. Limited Partners are requested to refer to the Governing Fund Documents for a further description of economic and equity markets risks.

*Possible Lack of Diversification:* Although Estancia expects that no portfolio investment will constitute more than 20% of the Fund's committed capital without prior approval as set forth in the LPA, the Fund may participate in a limited number of portfolio investments focused on a limited sector of the economy. Consequently, the Fund may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause the Fund's investment to be more susceptible to particular economic, political, regulatory, technological, or industry conditions or occurrences compared with a Fund, or a portfolio of companies, that is more diversified or has a broader industry and geographic focus.

*Economic Interest of General Partner:* The capital contributions of the General Partner and the Principals will represent only a fraction of the Fund's capital, however, the income and gain distributed to the General Partner may be proportionately greater than its capital contributions. The existence of the General Partner's carried interest may create an incentive for Estancia to make riskier and more speculative investments on behalf of the Fund than it would otherwise make in the absence of such a performance-based arrangement.

*Reliance on the General Partner and Key Individuals:* Subject to the control of the General Partner, Estancia will have exclusive responsibility for the Fund's activities and, other than as may be set forth herein, Limited Partners will not generally be permitted to evaluate investment opportunities or relevant business, economic, financial, or other information that will be used by Estancia in making decisions. The Fund will be particularly dependent on the Principals. If a Principal were to resign from Estancia or become unable to perform his duties on behalf of the Fund, including the ability to identify future investment opportunities for the Fund, Estancia, the General Partner, the Fund and the Fund's Portfolio Companies may be negatively impacted, which in turn may have a negative impact upon returns to the Limited Partners. Furthermore, the resignation or withdrawal of a Principal may result in a termination of the Fund's investment activities as set forth in the LPA.

*Reliance Upon Portfolio Company Management:* Although Estancia may seek representation on the board of directors of its Portfolio Companies or otherwise provide management and strategic planning assistance, the Fund generally will not have an active role in the day-to-day management of the companies in which it invests (other than possibly the strategic affiliate). To the extent that the management of a Portfolio Company performs poorly, or if a key manager of the Portfolio Company terminates employment, the Fund's investment in such company could be adversely affected.

*Prior Performance:* Although the Principals have an extensive background in the financial services industry, including managing investment acquisitions and lift-outs similar to those intended to be carried out by the Fund, this is the first investment fund organized and offered by the Principals. Estancia and any of its affiliates have not worked together nor do they possess a verifiable track record in the form of a private equity fund managed by the Principals collectively as an investment adviser and/or team. Any illustrations and/or forward looking statements regarding expected performance of the Fund therefore should not be relied upon by prospective investors. Similarly, any illustrations of past performance in an operating company and/or private equity fund previously managed by the Principals or forward looking statements regarding expected performance of the Fund should not be relied upon by prospective investors.

The prior transaction information provided in the Governing Fund Documents and/or presentation materials provided to Limited Partners, including the sections entitled "Representative Investment Activity" and "Case Study" and any other performance information of NWQ Investment Management Company and Tradewinds Global Investors, may not be indicative of and, accordingly, should not be relied upon for purposes of assessing potential future returns for the Fund and its Limited Partners. This information and any other prior investment results of the Principals provided to investors are for illustrative purposes only and are not to be viewed as indicative of the Fund's future investment results.

The nature of, and risks associated with, the Fund's future investments may differ substantially from those investments and strategies undertaken historically by the Principals. There can be no assurance that the Fund's investments will perform as well as the past investments of the Principals or that the Fund will be able to avoid losses. Prior investment returns are not indicative of future success.

*Follow-On Investments:* Following its initial investment in Portfolio Companies, Estancia anticipates that the Fund will be called upon to provide additional contributions to Portfolio Companies or will have the opportunity to increase its investment in a successful Portfolio Company. An economic recession or adverse developments in the securities markets or particular industries might have a negative impact on the ability of Portfolio Companies to access additional capital necessary to sustain growth or conduct operations. Although Estancia may use capital commitments or any reserves to make follow-on investments, there is no assurance that the Fund or its co-investors (if any) will be able or willing to make necessary follow-on investments. Accordingly, third-party sources of financing may be required, but there is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Fund. In addition, the Fund's capital is limited and may not be adequate to protect the Fund from dilution resulting from multiple rounds of Portfolio Company financings. If the Fund does not have capital available to participate in subsequent rounds of financing, failure to participate may have a substantial negative impact on Portfolio Companies in need of such an investment, which in turn may negatively impact the Fund's investments in such companies and reduce or eliminate returns to the Fund's investors and could result in a complete loss of an investor's capital contributions.

*Noncontrolling Investments:* The Fund may hold a noncontrolling interest in a Portfolio Company and, therefore, may have a limited ability to direct the actions of such company's board of directors in order to better protect or manage its investment in such a Portfolio Company. As a condition of investment in a Portfolio Company, Estancia expects that appropriate security holder rights, including special rights and protective provisions concerning material company decisions, will be negotiated to protect, to a limited degree, the Fund's interests in a Portfolio Company. There can be no assurance that the Fund will be able to obtain such shareholder rights or protective provisions or that, if such rights and protective provisions are obtained, that they will be effective.

*Leverage:* Early-stage companies may be highly leveraged and the Fund's investments in such companies may be made at levels in the capital structure subordinate to senior equity or debt securities of such companies. The leveraged capital structure of such Portfolio Companies will increase the exposure of these companies to adverse economic factors such as rising interest rates, downturns in the economy, or deterioration in the condition of the Portfolio Company or its industry. Because the securities in which the Fund will invest will be junior to all company indebtedness and may be junior to later equity financing rounds in what typically will be a complex capital structure, these securities are subject to the substantial risk of loss.

Further, while the Fund's strategy is not necessarily dependent upon the use of leverage (debt financing) at the Fund or Portfolio Company level, in certain circumstances leverage may be employed subject to the investment restrictions found in the Governing Fund Documents.

*Highly Competitive Market for Investment Opportunities:* The private equity business is intensely competitive and involves a high degree of uncertainty. The Fund and Estancia will be competing with other established investors and companies with substantial resources and experience. The number of appropriate investment opportunities for the Fund is limited, and intense competition for such opportunities may result in an increase in the price of such investments for the Fund, may

adversely affect the terms upon which investments can be made or may even adversely affect the ability of the Fund to receive investment opportunities in certain companies. There can be no assurance that the Fund will successfully identify appropriate and attractive investments for all or any portion of the Fund's committed capital or that any or all of such capital will be invested within a specified period.

*No Market for Limited Partner Interests:* A Limited Partner's investment in the Fund will be illiquid and subject to substantial restrictions upon transferability. There is no public market for interests in the Fund and none is expected to develop. A Limited Partner will not be permitted to assign, transfer, pledge, mortgage, or otherwise dispose of its interest without the prior written consent of the General Partner. A Limited Partner generally will not be permitted to withdraw from the Fund. Consequently, an investor may not be able to fully liquidate its investment prior to the end of the Fund's term as it may be extended by the General Partner.

*Reinvestment/Recycling of Proceeds:* The General Partner is under limited obligations to make distributions to its Limited Partners and may have the discretion to reinvest certain proceeds from the sale of portfolio securities pursuant to the Governing Fund Documents.

*Illiquid and Long-Term Investments:* Investment in the Fund requires a long-term commitment, with no certainty of return. The Fund does not expect to generate cash flow distributions to the Limited Partners in the near-term. Although portfolio investments by the Fund may generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. While a portfolio investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made, if at all. It is unlikely that there will be a public market for the securities held by the Fund at the time of their acquisition. The Fund will invest in securities of privately held companies, which are not traded on any organized exchange, making the timing and ability to liquidate these securities uncertain. The Fund generally will not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract from selling securities for a period of time. Thus, this illiquidity may result in an inability to sell these securities at all. Because the Fund may only make a limited number of investments and because the Fund investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the Limited Partners.

*Distributions in Kind:* The Fund may distribute the proceeds of its investments in securities or other non-cash property. Any such distribution could put downward pressure on the price of the issuer's securities. In addition, the Limited Partners may incur costs and delays in converting securities into cash. Such securities also may be subject to restrictions on transfer.

*Dilution to Existing Limited Partners as a Result of Adding Limited Partners:* Limited Partners may have their economic interest in any investments of the Fund diluted as a result of additional Limited Partners gaining an interest in the Fund's investments through additional closings. Any such dilution may have a negative impact on any returns received by those Limited Partners who invested in the Fund prior to other Limited Partners.

*Penalty for Failure to Make Capital Contributions:* In the event a Limited Partner fails to make an installment payment of its capital commitment when due (other than as the result of laws or regulations applicable to certain employee benefit plan Limited Partners), the Limited Partner's interest in the Fund will be subject to a variety of penalties including (a) the General Partner having the right to cause the transfer of the Limited Partner's interest at a transfer price less than its contributed capital in the Fund; or (b) restricting the Limited Partner from participating in any further capital contributions to the Fund and (c) limiting the Limited Partner's ability to participate in the future Fund profits and distributions from the Fund.

*Legislative and Regulatory Risk:* Abuses within the investment management businesses have resulted in a number of recent and ongoing legislative and regulatory initiatives affecting such business practices. New or proposed laws and regulations may result in significant and costly burdens being placed on the Fund or its Portfolio Companies, and may impede their ability to go public and/or be acquired by an existing public company.

*Certain Litigation Risks:* The Fund will be subject to a variety of litigation risks, particularly due to the substantial likelihood that one or more Portfolio Companies will face financial or other difficulties during the term of the Fund. The Fund may also participate in Portfolio Company financings at implicit valuations lower than the valuations implicit in preceding rounds of financing. Legal disputes, involving any or all of Estancia, the Fund, the Managing Member or their affiliates, may arise from the foregoing activities (or any other activities relating to the operation of Estancia, the Fund, or the Managing Member) and could have a significant adverse effect on the Fund.

*Service on Boards of Directors, Etc.:* The Fund may seek to obtain observation or visitation rights or the right to designate directors to serve on the boards of directors of the Fund's Portfolio Companies. The foregoing rights and activities, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose Estancia, the Managing Member, its affiliates and the assets of the Fund to regulatory action and/or claims by a Portfolio Company, its security holders and its creditors. In addition, the Fund may be prohibited from selling publicly traded securities of a Portfolio Company if Estancia is in possession of material non-public information relative to such company. While Estancia intends to manage the Fund in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory action cannot be eliminated, and such events may have a significant adverse effect on the Fund.

*Material Non-Public Information:* By reason of their responsibilities in connection with their other activities, certain of Estancia's personnel may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities. The Fund may not be free to act upon any such information. Due to these restrictions, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Indemnification:* Estancia, the General Partner, the Managing Member and their respective members, partners, officers, directors, shareholders, employees, advisors, agents, affiliates and

personnel, will be entitled to indemnification from the Fund, except in certain limited circumstances. The assets of the Fund will be available to satisfy these indemnification obligations.

*Taxation; Unrelated Business Taxable Income:* The Fund is characterized as a partnership for US and state income tax purposes and it is anticipated that most Portfolio Companies of the Fund will be similarly structured. Accordingly, investors in the Fund will be treated as partners of the Fund and must report, each year, their respective allocable share of all Fund and Portfolio Company net income or loss and pay any tax liabilities associated with such taxable income. Furthermore, while the Fund is obligated to make distributions to satisfy taxes to the extent of available cash, there is no certainty that such cash will be available or that the amounts reported by such Portfolio Companies will be accurate and not subject to challenge by the IRS. Accordingly, investors may recognize in any year a tax cost associated with their investment that exceeds the amount of cash distributed to them.

Furthermore, it is possible that taxable income realized by the Fund and allocated to its Limited Partners will be treated as unrelated business taxable income for tax exempt entities (including any charitable foundation) and effectively connected income for foreign investors. Accordingly, tax exempt and foreign investors may be required to file tax returns and pay tax associated with their investment in the Fund. Any investor whose tax status is dependent on not recognizing such unrelated business taxable income or effectively connected income, should consult with such investor's tax advisers and not invest in the Fund prior to obtaining such advice.

*Diverse Limited Partner Group:* The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by Estancia, including with respect to the nature or structuring of investments that may be more beneficial for some Limited Partners than for others, particularly with respect to investors' individual tax situations.

*Consequences of Default:* In the event that a Limited Partner fails to pay any of its commitment when called, such Limited Partner's capital account in the Fund may be substantially reduced and such Limited Partner will be precluded from voting. Estancia may also exercise other remedies against such a defaulting Limited Partner, all of which can be expected to adversely affect the defaulting Limited Partner's interest in the Fund.

*Confidential Information:* The LPA will contain confidentiality provisions intended to protect proprietary and other information relating to the Fund and the Fund's Portfolio Companies. To the extent that such information is disclosed publicly, competitors of the Fund and/or competitors of its Portfolio Companies, and others, may benefit from such information, thereby adversely affecting the Fund, its Portfolio Companies and the General Partner, and the economic interests of the Limited Partners.



*Legal, Tax and Regulatory Risks:* The legal, tax, and regulatory considerations affecting the ability of the Fund to achieve its investment objectives are complicated and subject to change. For a discussion of certain of these considerations, see the “Certain Potential Conflicts of Interest” section (immediately below) and the Governing Fund Documents.

### **Certain Potential Conflicts of Interest**

Investors should be aware that there will be occasions when Estancia and its affiliates may encounter potential conflicts of interest in connection with the Fund. Accordingly, Limited Partners should carefully consider the following potential conflicts of interest before making an investment in the Fund.

*Principals’ Commitment to the Fund and its Operations:* Until such time as the Fund is “fully invested,” Estancia, the General Partner, the Managing Member and each Principal will devote substantially all of its or his respective business time to the activities of the Fund and its affiliates. Thereafter, Estancia, the General Partner, the Managing Member and each Principal will devote such portion of its or his respective time as is necessary and appropriate for managing and liquidating the Fund’s remaining portfolio securities consistent with their fiduciary obligations to the Fund and its investors.

In addition to the foregoing, Estancia, the General Partner, the Principals, the Managing Member and their affiliates may be prohibited from taking action for the benefit of the Fund (i) due to confidential information acquired or obligations incurred in connection with an outside activity of such party; (ii) due to the fact that the Principal or affiliate may serve as an officer or director of a Fund Portfolio Company or by being treated as an affiliate or insider of such Portfolio Company; or (iii) in connection with activities undertaken by a Principal or affiliate prior to the initial closing date.

*Successor Funds:* The formation and operation of future investment funds managed by the Principals may conflict with their duties and obligations to the Fund and its Limited Partners. Accordingly, no key person will be authorized to do any of the following, without the prior consent of the Limited Partners pursuant to the LPA, until the earlier of the fifth (5th) anniversary of the initial closing of the Fund, the date on which the Fund is “fully invested” or eighteen (18) months after the earlier of the date on which such key person withdraws from the Managing Member or the date on which such key person is otherwise no longer participating on an active full-time basis in the investment affairs and activities: (x) organize or act as general partner or manager of, or have an employment or advisor role with respect to, investment funds with investment objectives similar or competitive with the Fund or any competitive business; (y) solicit investors of the Fund to invest in any fund with such investment objectives; or (z) engage in any of the foregoing activities with other Principals that have withdrawn from the Fund. The Fund will be treated as “fully invested” upon the earlier to occur of (i) the date on which at least 75% of the aggregate subscriptions of all partners have been invested, expended, committed, or reserved for future investments in existing Portfolio Companies or for reasonably anticipated Fund expenses, including the payment of future management fees; or (ii) the end of the five-year commitment period. The foregoing restrictions are subject to the final terms set forth in the Governing Fund Documents and each investor should carefully review such terms.

*Related-Party Transactions:* Subject to the terms of the LPA, the fact that Estancia, the General Partner, the Managing Member, any Principal or any affiliate or related person thereof are directly or indirectly interested in or connected with any company or person with which or with whom the Fund may have dealings shall not by itself preclude such dealings or make them void or voidable, and neither the Fund nor any of the Limited Partners shall have any rights in or to such dealings or any profits derived therefrom.

Estancia may, with the approval of the Advisory Committee, cause the Fund to make investments in companies whose shareholders, officers or directors, or advisors include Estancia, the General Partner, the Managing Member, any Principal or their affiliates or related persons thereof even though such investments may be on terms less favorable than investments previously made by such persons.

Estancia may cause the Fund to enter into dealings with third parties having a financial or other relationship with any member or manager of Estancia, so long as such dealings are approved by the Advisory Committee and are on terms no less favorable to the Fund than are afforded to unrelated third-parties having similar expertise and experience in comparable transactions.

*Lack of Separate Representation:* DLA Piper LLP (US) is acting as U.S. legal counsel for the Estancia, the Fund, and the General Partner. It is not anticipated that separate counsel for the Fund will be engaged in connection with the organization or operation of the Fund. To the extent DLA Piper LLP (US) represents Estancia, the Fund, the General Partner, and/or the Managing Member, it shall not be deemed to represent, or otherwise owe any obligations or duties to the Limited Partners. DLA Piper LLP (US) has not passed upon the adequacy of this Form ADV Part 2A or the fairness of the disclosure herein. Prospective investors must consult with their own counsel with regard to those matters.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Estancia nor any of its officers, directors, employees or other management persons, have been involved in any government and/or regulatory legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

### General Partner

Estancia organized and sponsored the Fund, which is a private investment company. The Fund is controlled by the General Partner, which in turn is controlled indirectly by the Principals. Estancia will be responsible for all decisions regarding portfolio transactions of the Fund and have full discretion over the management of the Fund's investment activities.

The Fund's Advisory Committee may be constituted by Estancia to act with respect to various matters, including, but not limited to, the conflicts of interest discussed below.

### Portfolio Related Activities

Certain of Estancia's Principals may serve as officers, advisers, directors or in comparable management functions for Portfolio Companies in which the Fund invests, or provide other services to Portfolio Companies. In their capacities as directors or officers of Portfolio Companies, they will be required to make decisions that consider the best interests of the Portfolio Companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a Portfolio Company, actions that may be in the best interests of the Portfolio Company may not be in the best interests of the Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such Principal(s) duties as a Principal(s) of Estancia and duties as a director or officer of such Portfolio Company. The Principal(s) may spend a substantial portion of their time with these related activities. To mitigate these potential conflicts, the Fund maintains an Advisory Committee that may be consulted to address conflicts of interest. In addition, Estancia evaluates its staffing on an ongoing basis to ensure that it has sufficient staff or resources to enable its Principals to provide services to the Portfolio Companies as well as to Estancia.

### Nuveen Investments, Inc.

The Fund is controlled by the General Partner, which in turn is controlled indirectly by the Principals. However, Nuveen Investments, Inc. ("Nuveen"), an "anchor" Limited Partner of the Fund, has a passive ownership interest in the General Partner for the Fund and accordingly receives a percentage of the carried interest as a Carry Partner. This may create a conflict of interest if the General Partner chooses to enter into transactions with Nuveen. To mitigate this potential conflict, the LPA requires the General Partner to notify the Advisory Committee of transactions with Nuveen. Nuveen is not a member of the Fund's Advisory Committee.

### Portfolio Companies

Spruce Private Investors, LLC, ("Spruce") is an investment adviser registered with the SEC. Spruce provides investment management services to individually managed client accounts directly and through a multi-manager program. Spruce also provides investment management services to private pooled investment vehicles that follow several investment strategies, which are distinct from the Fund's investment strategy. The Fund owns an equity interest in Spruce and Estancia's Principal(s) serve as directors for Spruce. Estancia does not believe that its relationship with Spruce creates a material conflict of interest with the Fund.

Equinox Alternative Investment Services ("Equinox") is an administrator for private pooled investment vehicles. As an administrator, it also provides private fund accounting services to its clients. The Fund owns an equity interest in Equinox and Estancia's Principal(s) serve as directors for Equinox. Estancia does not believe that its relationship with Equinox creates a material conflict of interest with the Fund.

Snowden Capital Advisors LLC and Snowden Account Services, Inc. (collectively "Snowden") are an investment adviser and a broker-dealer, respectively, each registered with the SEC. Snowden provides wealth advisory services to individuals and institutions. The Fund owns an equity interest in Snowden and Estancia's Principal(s) serve as directors for Snowden. Estancia does not believe that its relationship with Snowden creates a material conflict of interest with the Fund.

Sustainable Growth Advisers, L.P. (“SGA”) is an investment adviser registered with the SEC. SGA’s focus is the active management of U.S. and Global growth equity mandates for individuals and institutions. The Fund owns an equity interest in SGA and Estancia’s Principal(s) serve as directors for SGA. Estancia does not believe that its relationship with SGA creates a material conflict of interest with the Fund.

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

Pursuant to Rule 204A-1 of the Advisers Act, Estancia has adopted a written code of ethics (“Code”) predicated on the principal that an investment adviser owes a fiduciary duty to the Fund. The Code is designed to address and avoid potential conflicts of interest and is applicable to any partner, officer, director (or other person occupying a similar status or performing similar functions), and employee of Estancia, as well as to any other person who may provide investment advice on behalf of Estancia and is subject to the supervision and control of Estancia (collectively, “Supervised Persons”). . Estancia requires its Employees to act in the Fund’s best interest, abide by all applicable regulations and avoid any action that is, or could appear to be, legally or ethically improper.

Estancia generally prohibits the purchase or sale of securities that are held by the Fund; requires access persons to pre-clear investments in IPOs or limited offerings (e.g., private placements); requires periodic reporting of access persons’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Estancia endeavors to maintain current and accurate records of all personal securities accounts of its access persons in an effort to monitor all such activity. A copy of Estancia’s Code is available upon request.

As the General Partner or Managing Member of the Fund, Estancia and its related persons have indirect beneficial interests in the investments owned by the Fund and will share in any profits and losses generated by the Fund’s investments. This may create a conflict of interest because Estancia receives performance-based compensation in the form of carried interest and may have an incentive to recommend investments that are more risky than it would otherwise recommend if Estancia did not receive carried interest. To mitigate this potential conflict, all investment decisions must be vetted by the Investment Committee. Also, the fact that the General Partner has invested in the Fund serves to mitigate this conflict.

## **Item 12: Brokerage Practices**

Estancia focuses on making investments in private securities, and does not ordinarily deal with any financial intermediary such as a broker-dealer; therefore commissions are not ordinarily payable in connection with such investments. Moreover, pursuant to the terms of the LPA, the Fund is prohibited from investing in any publicly traded securities without the approval of the Advisory Committee and from investing more than five percent of its commitments in publicly traded securities.

To the limited extent that Estancia transacts in public securities, Estancia will seek to obtain best execution. In selecting broker-dealers, Estancia’s primary consideration will be to obtain the most

favorable net result for the Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, Estancia will seek to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds, research services (such as reports and analyses of markets, industries, companies and economic trends) and such other factors as Estancia considers relevant and beneficial to the Fund. The applicability of the factors will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Estancia does not participate in any soft dollar arrangements with third parties, including broker-dealers. However, Estancia may receive products or services, including research, from third parties that are to the best of Estancia's knowledge made available to the third parties' institutional clients or prospective institutional clients. These products and services are made available to Estancia on an unsolicited basis and without regard to transaction costs paid by the Fund or the volume of business the Fund directs to these third parties. Estancia does not generally compensate such third parties for these unsolicited products and services and will not knowingly "pay-up" for such products and services. Estancia may have an incentive to select a third party based on its interest in receiving the products or services, rather than on the Fund's interest in receiving the most favorable execution. Any research products or services that Estancia receives from third parties are supplemental to Estancia's proprietary research efforts.

Third parties that seek to do business with Estancia may from time to time refer investors or investment opportunities to Estancia. To the extent that these third parties make successful referrals, Estancia may or may not select them to provide services to the Fund. This could conceivably create a potential conflict of interest as Estancia may have an incentive to select the third parties based on Estancia's interest in receiving referrals, rather than on the Fund's interest in receiving the most favorable service. To mitigate this potential conflict, Estancia will benchmark these third parties' costs/service levels against other service providers' costs/service levels, on a transaction-by-transaction basis.

In the event that Estancia manages multiple funds, Estancia will seek to place a combined order for funds engaged in the purchase/sale of the same security if, in its good faith determination, a combined order would be consistent with its duty to seek best execution and otherwise in the best interest of the funds. If an investment opportunity is suitable for more than one fund, Estancia will allocate the investment opportunity in a manner that is fair and equitable to each fund, taking into account all relevant facts and circumstances as well as the terms of the funds' organizational agreements.

### **Item 13: Review of Accounts**

The Investment Committee, which consists of the Principals, approves all of the Fund's initial investments and follow on investments. It meets as necessary in person (or via conference calls) to discuss investment ideas, economic developments, industry outlook and other issues related to the Fund's investments or potential investment opportunities.

The Investment Committee reviews the Fund at least quarterly. During this review, the Investment Committee reviews the Fund's financial performance as well as the operational and financial performance of the Fund's Portfolio Companies. Factors such as economic conditions and material financial or operational changes at the Portfolio Company level may trigger more frequent reviews or monitoring.

Estancia or its designee provides each Limited Partner with the following reports: (i) quarterly unaudited financial statements containing the assets and liabilities of the Fund, the net income or net loss of the Fund, the changes in cash flow of the Fund, and statements of the capital accounts of the Limited Partners; (ii) annual audited financial statements containing the assets and liabilities of the Fund, the net income or net loss of the Fund, the changes in cash flow of the Fund, and statements of the capital accounts of the Limited Partners; and (iii) annual tax information necessary to complete any applicable tax returns, including each Limited Partner's Schedule K-1. Estancia may also provide additional reports or certifications to Limited Partners as it deems necessary or as requested by the Fund's Advisory Committee.

#### **Item 14: Client Referrals and Other Compensation**

Estancia does not have solicitation agreements with any third parties, including placement agents. However, Estancia is generally not prohibited from engaging a third party placement agent (e.g., a solicitor) to introduce prospective investors to the Fund. The fees and expenses of any third party placement agent will not be paid by the Fund.

#### **Item 15: Custody**

Estancia will generally be deemed to have custody of the Fund's assets because of its position as an affiliate of the General Partner. Limited Partners will not receive any statements from the Fund's custodian. Instead, they will receive audited financial statements with the time frame specified in the Fund's LPA, but no later than 120 days after the Fund's fiscal year end. An independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, will conduct the audit. The audited financial statements will be prepared in accordance with generally accepted accounting principles.

#### **Item 16: Investment Discretion**

Subject to the terms of the LPA and the management agreement between Estancia and the Fund, Estancia generally has discretionary authority to determine, without obtaining specific consent from the Limited Partners, the type, amount and price of securities and investments to be bought and sold on behalf of the Fund, including the selection of, and commissions paid to, broker-dealers.

#### **Item 17: Voting Client Securities**

Estancia acknowledges that, in its capacity as investment adviser to the Fund, Estancia is responsible for voting any proxies that might be solicited by issuers of securities held by the Fund. As the Fund invests primarily in private equity ventures, however, Estancia anticipates that the solicitation of proxy votes will be a rare occurrence.

Nevertheless, Estancia may periodically exercise proxy voting authority respect to securities held by the Fund. It may also exercise “voting” authority with respect to investments held by the Fund, e.g., Estancia (or a designated person) may make a vote as a member of the board of directors of a Portfolio Company. In those instances, Estancia (or its designated person) will vote in the best interest of the Fund and in accordance with Estancia’s fiduciary duty to the Fund.

Estancia (or its designee) reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable the Fund. In some instances, Estancia may determine that it is in the Fund’s best interest for Estancia to “abstain” from voting or not to vote at all, and will do so accordingly.

In situations where Estancia is required to vote for a company in which Estancia (or a designee) serves on the board of directors, Estancia has determined that this does not inherently present a conflict of interest, as the purpose of this representation is to maximize the return on the Fund’s investment in the company. If Estancia detects a material conflict of interest in connection with a prospective vote, Estancia will take steps to ensure that its voting decision is based on the best interests of the applicable Fund and is not a product of the conflict. Estancia may, at its discretion seek the advice of the Advisory Committee in voting such security and/or take such other action in good faith (in consultation with Estancia’s outside counsel) which would serve the best interest of the Fund.

The Investment Committee for the Fund will determine on a case-by-case basis whether the Fund will participate in class actions. The CCO will maintain documentation to substantiate any decision taken with respect to class actions.

The Fund and Limited Partners can contact the CCO to obtain a copy of these policies and procedures.

## **Item 18: Financial Information**

A balance sheet is not required to be provided as Estancia (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.