

# **PENINSULA NORTH LLC**

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## **Form ADV Part 2A Brochure**

**June 27, 2014**

This brochure provides information about the qualifications and business practices of Peninsula North LLC. If you have any questions about the contents of this brochure, please contact us at (212) 679-4347. 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 Peninsula North LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (the CRD number for Peninsula North LLC is 171865).

While Peninsula North LLC may refer to itself as a "registered investment advisor" or "RIA" clients should be aware that registration itself does not imply any level of skill or training.

## **MATERIAL CHANGES FROM PREVIOUS VERSION**

As this is the first brochure (Form ADV Part 2A) prepared by Peninsula North LLC, no material changes exist since there have been no previous versions.

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## **ADVISORY BUSINESS**

Peninsula North LLC (“Peninsula” or the “Firm”) is a newly formed investment advisory firm located in New York.

The Firm’s principal owner (individuals and/or entities controlling 25% or more of the company) is Zfere Holdings Incorporated (“Zfere”).

The firm proposes to provide the advisory services to its clients as described below.

### **PRIVATE FUNDS**

Peninsula intends to serve as investment adviser to private funds including limited partnerships, limited liability companies and offshore corporations to be offered and sold to high net worth individual investors and institutional investors that are both “accredited investors” as defined in the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” as defined in the Investment Company Act of 1940, as amended (the “Investment Company Act”). These funds will not be registered under the Investment Company Act in reliance upon the exemption from such registration requirements contained in Section 3(c)(7) of the Investment Company Act, or in the case of an offshore fund because the investors of such fund will be limited exclusively to non-United States persons. Collectively, these funds are referred to in this brochure as the “Funds,” and individually, as a “Fund.”

The Funds will be managed by related-party special purpose vehicles (“SPVs”) formed to act as a fund’s general partner or managing member. The Firm and SPVs will share personnel and resources. The SPV’s formation documents will designate the Firm to manage the fund’s assets. SPV, its employees and persons acting on its behalf will be subjected to the Firm’s supervision and control. The investment advisory services to be provided to the Funds will be governed by separate investment management agreements to be entered into by the Firm and each fund.

The Funds’ investment objective will be to preserve capital and generate long-term appreciation over the Funds’ term which is estimated to be 10 years. The Funds will generally pursue their investment objective through venture capital and private equity investment strategy by investing through negotiated transactions in equity or convertible to equity securities of private operating companies located in the United States which have a potential to outperform intra-industry growth rates and provide superior returns. The Funds’ investment focus will be not industry specific.

Peninsula’ investment advisory services to the Funds will consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments will be made predominantly in non-public companies.

Some or all of these portfolio companies may be affiliated with Zfere. Additionally, from time to time, the personnel of Peninsula or its affiliates including SPVs may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over the management of a Fund’s portfolio companies.

## ADVISORY ACCOUNTS

Peninsula also proposes to provide portfolio management investment advisory services to high net worth individuals and entities including corporations, trusts and unincorporated business entities. Services to be provided to these advisory clients include identifying investment objectives and risk tolerance, developing and documenting asset allocation, investment policy and investment strategy, and implementing the investment strategy. Investment advisory services will be based on the Investment Advisory Agreement ("IAA") entered by an advisory client and the Firm.

For purposes of this brochure, "clients" generally refers to the advisory accounts of the Firm and not the Funds.

The client will have the choice of whether the portfolio management is performed on a discretionary or non-discretionary basis. Peninsula will primarily seek to manage client accounts on a discretionary basis, but will also offer non-discretionary management services to those clients who chose to enter their own transactions.

Whether on discretionary or non-discretionary basis, Peninsula will evaluate the clients' financial condition and risk tolerance in order to tailor its securities recommendations to meet the clients' investment objectives and individual needs. Peninsula will also allow the clients to impose any restrictions on investing in certain securities or types of securities.

Peninsula will make ongoing recommendations primarily involving: exchange listed stocks, mutual funds, index funds, exchange traded funds ("ETFs"), and stock options. However, in some instances Peninsula may recommend investments in private placement offerings. Peninsula will not use margin or leveraged products. Because the market will affect the value of these securities, Peninsula will monitor client accounts on a daily basis so that it may make any necessary transactions in discretionary accounts or make any necessary recommendations in non-discretionary accounts.

The securities mentioned above reflect a broad range of investment risk, including some securities that entail a high degree of risk, such as stock options. Private placement offerings also involve a high degree of risk that may not be suitable for the average investor.

Peninsula does not offer any wrap fee programs (programs that bundle brokerage and advisory services under a single comprehensive fee) so all securities recommended by Peninsula may include additional charges by the clients broker/dealer/custodian separate from Peninsula's advisory fees.

### *Discretionary Portfolio Management*

For discretionary accounts, the client will grant Peninsula limited trading authority (discretionary authority) in the client's brokerage account by executing the appropriate documents with the client's broker/dealer custodian. The discretionary authority will allow Peninsula to enter securities transactions on the client's behalf, determining which securities and the amount of

securities to buy or sell. Clients will be notified of all transactions by trade confirmations from their broker/dealer custodian and through communication with Peninsula.

Peninsula will also request the client provide written authorization to allow Peninsula to automatically deduct its advisory fee from the clients account; however, Peninsula will not have the authority to make any other withdrawals from the clients account(s) under management.

As all clients will be recommended discretionary portfolio management, Peninsula anticipates the vast majority of its portfolio management investment advisory services will be rendered on a discretionary basis.

Peninsula will recommend that the client grants discretionary authority to Peninsula so that it may execute recommendations in a timely fashion, but clients should always review their brokerage account statements to verify trading activity and withdrawals that occur in their account(s).

#### *Non-Discretionary Portfolio Management*

For non-discretionary accounts, Peninsula will prepare securities recommendations as it does for discretionary accounts, but will provide these recommendations to the client directly so that the clients may enter the transaction on their own.

Since Peninsula will recommend that all clients grant it discretionary authority, Peninsula anticipates very little of its portfolio management investment advisory services to be rendered on a non-discretionary basis.

Since Peninsula will merely recommend securities transactions for non-discretionary accounts, clients should take measures to ensure that recommendations are executed in a timely fashion and should review their account(s) to ensure that transactions are entered properly.

#### **ASSETS UNDER MANAGEMENT**

As of June 27, 2014, the Firm had no assets under management.

## **FEES AND COMPENSATION**

### **FUNDS**

The Firm will charge each Fund a management fee (the “Management Fee”) consisting of a percentage of assets under management. The Management Fee for each fund will vary with the Fund but will range, on an annual basis, from 2.0% to 2.5% of the market value of each investor’s investment in a Fund. The Management Fee will be payable quarterly in advance as of the first business day of each calendar quarter, after giving effect to any contributions of capital to the Fund on that day. In addition, an SPV, an affiliate of the Firm, may charge a performance allocation or performance fee (the “Performance Fee”), which is described below under “Performance-Based Fees and Side-by-Side Management.”

The Firm or SPV may, in its sole discretion, waive all or a portion of the Management Fee or Performance Fee, respectively, or, as agreed to by the relevant investor in a Fund, charge a Management Fee or Performance Fee, respectively, that is lower than, or otherwise on different terms than, those described above. The Firm or SPV may waive fees or charge lower fees with respect to the investment of any investor that is affiliated with or otherwise related to the Firm, SPV, the Funds or their affiliates.

#### *Other Expenses*

The Funds will bear all of their own investment and operating expenses, which generally include overhead and administrative expenses, including filing fees, legal expenses, tax preparation expenses, administrator’s fees, the fees associated with an annual audit, investment related travel expenses, research expenses and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other expenses related to the purchase, sale or transmittal of the Funds’ assets.

#### *Additional Information on Fees and Expenses*

The above description is a brief summary of certain fees and expenses applicable to the Funds. A more complete description of the fees to be paid to the Firm and its affiliates in connection with an investment in each Fund, as well as the expenses of each Fund, will be available in the offering memorandum and other governing documents of each Fund, which will be made available to each eligible prospective investor before an investment in the Fund is made.

#### *Other Information*

The Funds will invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Funds’ governing documents over the term of the Funds and investors will generally not be permitted to withdraw or redeem their investments in the Funds.

Affiliates of the Firm may provide services to (or with respect to) certain portfolio companies in which one or more Funds may invest. In connection with such services, such persons may receive fees and other compensation from such portfolio companies.

## **ADVISORY ACCOUNTS**

### *Asset Based Fees*

The Firm will charge a fee to its clients based on a percentage of assets under management. This fee is intended to compensate the Firm for portfolio management investment advisory services. Peninsula's fee schedule is generally as follows:

<u>Assets under Management</u>	<u>Annual Fee</u>
\$500,000-\$999,999	1.25%
\$1,000,000-\$2,999,999	1.00%
\$3,000,000-4,999,999	0.85%
\$5,000,000-\$9,999,999	0.75%
\$10,000,000-\$19,999,999	0.70%
Over \$20 million	0.65%

Fees will be payable quarterly in advance on the first day of each calendar quarter based on the market value of assets under management on the last day of the preceding month, unless an alternate arrangement is mutually agreed upon. The fees will be debited from the client's custodial account by the Firm, as authorized by the client, unless otherwise specified in the IAA. Accounts opened in mid-quarter will be assessed at a pro-rated management fee. In the event an advisory relationship is terminated prior to the end of a quarter, the Firm's compensation would be pro-rated to the date of termination and any unearned portion reimbursed. The client and the Firm may each terminate the advisory relationship upon 30 days written notice to the other.

We will ask our clients to authorize the account custodian to debit their client account(s) for the amount of our portfolio management investment advisory fee. At the inception of the relationship and each quarter thereafter, we will notify a client's custodian of the amount of the fee due and payable to us through our fee schedule and contract. The custodian does not validate or check our fee, its calculation or the assets on which the fee is based. They will deduct the fee from the client's account(s) or, if the client has more than one account, from the account the client has designated to pay our advisory fees. For clients that do not wish to have our fees deducted from their account, Peninsula will send directly to the client an invoice for Peninsula's fees. This invoice will require payment within 30 days after the mailing date of the invoice.

Each month clients will receive a statement directly from their custodian showing all transactions, positions and credits/debits into or from their account(s); the statement after the quarter end will reflect these transactions, including the advisory fee paid by the client to us.

Peninsula does not negotiate its portfolio management investment advisory fee, but does offer discounts to select friends, employees and family.



### *Additional Fees and Expenses*

Advisory fees to be payable to us will not include all the fees a client will pay when we purchase or sell securities for the client's account(s). The following fees or expenses are what the client will pay directly to third parties, whether a security is being purchased, sold or held in the client's account(s) under our management. We will not receive, directly or indirectly any of these fees charged to the client. They are paid to the client's broker, custodian or the mutual fund or other investment the client holds. These fees may include brokerage commissions, transaction fees, exchange fees, SEC fees, advisory fees and administrative fees charged by Mutual Funds ("MF"), ETFs, Money Market Funds, or Money Market Mutual Funds, custodial fees, deferred sales charges (on MF or annuities), early redemption fees (charged by MFs), transfer taxes, wire transfer and electronic fund processing fees and commissions or mark-ups/mark-downs on security transactions.

In addition, we do not have or employ any employee that receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for a client's account(s) or to which we provide consulting expertise/services. As a result, we are a fee-only investment advisor. We do not have any potential conflicts of interest present that relate to any additional (and undisclosed) compensation from you or your assets we manage.

## **PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

### *Funds*

Peninsula will not receive a carried interest allocation (the “Carried Interest”) for its advisory services to the Funds. Instead, SPVs, the affiliates of Peninsula, will receive a Carried Interest equal to 20% of all aggregate realized profits from each Fund, as will be more fully described in the applicable Fund’s governing documents such as partnership agreement, operating agreement or articles of association. If any SPV receives Carried Interest distributions during the life of the applicable Fund which are, in the aggregate, in excess of 20% of such Fund’s cumulative net profits, then such excess Carried Interest distributions will be subject to repayment by such SPV.

### *Advisory Accounts*

For certain clients, the Firm will charge a Performance Fee consisting of a percentage of the advisory accounts net realized and unrealized profits. The Performance Fee will generally be equal to 20% of the net realized and unrealized gains on investments. The Performance Fee will be calculated annually based upon the anniversary date of the opening of the client’s account. The Firm will comply with the applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “1940 Act”) in connection with the Performance Fees.

### *General*

The Performance Fee applicable to certain clients and Funds may create an incentive for Peninsula to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, the Performance Fee may create an incentive for Peninsula to favor clients’ accounts and Funds that charge Performance Fees and will be likely to be higher fee paying accounts over other clients in the allocation of investment opportunities. Peninsula will follow principals for allocating investment opportunities in a manner that it believes will ensure that all clients and Funds are treated fairly and equitably, with the goal of preventing these conflicts from influencing the allocation of investment opportunities among clients and Funds.

## **TYPES OF CLIENTS**

As described under “Advisory Business” above, the types of clients to whom Peninsula will generally provide investment management services include private investment funds and high net worth individuals and entities including corporations, trusts and unincorporated business entities.

The Funds will generally have a minimum investment amount of at least \$500,000. Under certain circumstances, the minimum investment amount may be waived. In order to be eligible to invest in the Funds, prospective investors must be “accredited investors” as defined in Regulation D under the Securities Act and “qualified purchasers” as defined in the 1940 Act.

The Firm generally requires its advisory clients to have a minimum of \$250,000 assets under management. Under certain circumstances, the minimum account size may be waived.

## **METHODS OF ANALYSIS,** **INVESTMENT STRATEGIES AND RISK OF LOSS**

### **FUNDS**

#### *General*

Peninsula intends to primarily focus on making venture capital and private equity non-industry specific investments in growth-oriented companies. Peninsula's investment strategy will focus on providing equity capital for businesses that it believes have strong growth prospects driven by sustainable competitive advantages, such as a strong management team, high-quality assets, superior technology or exceptional operations. Peninsula will focus on platform companies that it believes have ongoing capital requirements to pursue growth and acquisition opportunities. The Funds will seek to generate significant long-term capital appreciation primarily through investments in companies in a variety of transactions, including, leveraged and unleveraged acquisitions, recapitalizations, restructurings, workouts, structured financings, growth equity and other related transactions. The Funds may make controlling equity interest or a minority investment in portfolio companies. The Funds may make investments in portfolio companies controlled by Zfere or its affiliates.

There can be no assurance that Peninsula will achieve the investment objectives of the Funds and a loss of investment may be possible.

#### *Investment and Operating Strategy*

Peninsula will focus on providing established and well-managed platform companies with the capital to pursue various objectives to create value through the implementation of consolidation strategies, broadening of their geographic footprint or enhancement of their product offerings, among others. Peninsula seeks to implement financing structures that are consistent with these companies' growth requirements while maintaining an appropriate level of control through governance and control rights for the purpose of managing risk.

Peninsula will also consider leveraged buy-outs of under-managed or under-capitalized divisions of larger businesses and family-owned companies with succession considerations and other opportunistic situations. Peninsula will structure buyouts with an amount of leverage in order to increase returns, and seeks to maintain the financial flexibility to fund growth opportunities and withstand market downturns.

Peninsula may selectively consider entering into minority equity opportunities in situations where the economic returns are compelling. In such cases, Peninsula will typically negotiate certain limited control rights, including board seat representation, tag-along rights upon sale of the company, registration rights, supermajority vote approval for major corporate events, put rights upon change of control and preemptive rights.

Peninsula and its affiliates will seek to take an active role in assembling management teams and working with portfolio companies to develop strategic plans, enhance organic growth, pursue

accretive acquisitions and increase efficiencies. They will provide strategic insight, counsel and operational oversight and help develop and refine the strategic direction of the Funds' portfolio companies. Peninsula and its affiliates will typically seek the right to designate board members in all of their investments.

Potential opportunities for exit will be analyzed before making an investment and will be monitored throughout the ownership of the portfolio company in order to complete opportunistic realizations and protect built-up gains. The Funds will hold investments generally for three to five years, but may seek an earlier exit if opportunities for continued value creation are modest and it receives a price that meets its targeted return.

### *Summary of Certain Material Risks*

Investing in securities involves risk of loss that clients and investors in funds should be prepared to bear.

The following is a brief summary of certain material risks associated with the investment strategy and methods of analysis for the Funds. A more detailed description of the risks associated with each Fund's investment strategies as well as other risks associated with an investment in each Fund will be included in the relevant Fund's offering memorandum in effect from time to time. Please see the private placement memorandum of each Fund for more information regarding certain material risks applicable to such Fund.

Business Risks. The Funds' investment portfolios will generally consist primarily of securities issued by privately held companies, and operating results in a specified period are difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Competition for Suitable Investments. The Funds will compete for the acquisition of investments with other investors, some of which have greater resources than the Funds. Such competitors may include investment funds as well as individuals, large publicly-traded companies, financial institutions and other institutional investors. Further, over the past several years, an ever-increasing number of private investment funds have been formed (and many existing funds have grown in size). In addition, the availability of investment opportunities generally is subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense. There are no assurances that the Funds will be able to find a sufficient number of attractive opportunities to meet their investment objectives and to enable the full amount of capital committed to the Funds to be invested. Nonetheless, investors are required to pay annual management fees based on the entire amount of their investment to the Funds during the Funds' term.

Limited Number of Investments. The Funds may invest in a limited number of companies, and as a consequence, the aggregate returns realized by investors may be substantially adversely affected by the unfavorable performance of a small number of such investments. Furthermore, to the extent

that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

Nature of Investments by the Funds. An investment in a Fund should be viewed as illiquid and requires a long-term commitment with no certainty of return. There will be little or no near-term cash flow available to the investors. Most of the Funds' investments will be highly illiquid, as the Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act or in a private placement or other transaction exempt from registration under the Securities Act and even if registered, such securities may never become publicly tradable. Accordingly, there will be no assurance that the Funds will be able to realize such investments in a timely manner, and most of the Funds' investments will be difficult to value. Distributions in kind of illiquid securities to the investors may be made. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The securities in which the Funds will invest generally will be among the most junior in a company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect the Funds' investment once made. In addition, the Funds will hold non-controlling interests in many of their portfolio companies, and therefore will have a limited ability to protect their positions and interests in such portfolio companies. In addition, general economic or industry-specific conditions, which are not predictable, can have a material adverse impact on such investments.

Reliance on Fund Management. The Funds will be highly dependent on the financial and managerial expertise of the partners and executives of their respective SPVs and Peninsula. The loss or reduction of service of one or more professionals could have a material adverse effect on the performance of a Fund. The SPVs will have exclusive responsibility for their respective Funds' activities and, other than as may be set forth herein, investors in the Funds are not able to participate in the evaluation, structuring, monitoring or disposition of investments or in any other decisions in the management of the Funds or their portfolio companies.

Reliance on Portfolio Company Management. Although the SPVs will monitor the performance of fund investments, it will be primarily the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although Peninsula generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Potential Contingent Liabilities. In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors of the Funds to the extent that they have received prior distributions from the Funds or to the extent that they have undrawn commitments at such time.

Financial Projections. The SPVs will generally establish the capital structure of companies in which the Funds invest on the basis of financial projections for such companies. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results which are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections. General economic and industry-specific conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

## **ADVISORY ACCOUNTS**

For portfolio management services, Peninsula will use fundamental and technical analysis to determine the investments in a given portfolio.

In its fundamental analysis, Peninsula will seek to determine the intrinsic value of equities based on a thorough analysis of the fundamental business factors of the given stock(s) at issue. This includes: analysis of financial statements, earnings, dividends, management structure, competitive advantages, product offerings, competitors and markets. In essence, this method of analysis evaluates the overall condition of the company (or companies in a mutual fund or ETF) to determine whether it is a sound investment.

Despite the fundamental analysis that will be performed by Peninsula, any investment in securities carries market risk and investors may lose their principal investment.

In its technical analysis, Peninsula will seek to determine the future direction of prices through the study of past market data, primarily price and volume. This will be done by charting the movement of investments to identify trends and patterns used in the selection of securities to purchase and price points to buy and sell.

Despite the technical analysis that will be performed by Peninsula North LLC, any investment in securities carries market risk and investors may lose their principal investment.

For portfolio management services, the investment strategies to be used will vary depending on the client's financial goals and risk tolerance. Generally, clients seeking capital preservation with limited risk will be managed with passive strategies using fixed income products and index funds whereas clients seeking growth with greater risk will be managed with active strategies using stocks, mutual funds, ETFs and stock options.

While Peninsula will not engage in day-trading, active strategies may entail additional risk due to a greater frequency in transactions, which may involve additional brokerage fees, transaction costs and taxes. Also, strategies that use options may entail additional risk as losses may exceed those seen in the underlying stock.

## **DISCIPLINARY INFORMATION**

Peninsula and its management persons have not been subject to any material legal or disciplinary events except for the following. Dominick Del Duca, the Chief Compliance Officer of Peninsula is subject to an ongoing investigation by the Financial Industry Regulatory Authority regarding actions taken at a former employer during years 2008 and 2009.



## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Peninsula proposes to provide investment advice to private investment funds. Peninsula will be affiliated with SPVs to be formed to act as a general partner or manager of such funds. Peninsula and SPVs will operate as a single advisory business and will share common owners, partners, employees, consultants or persons occupying similar positions.

## **CODE OF ETHICS**

The Firm has adopted a Code of Ethics to effectuate the purposes and objectives of Sections 204A and Rule 204A-1 of the 1940 Act. A copy of our Code of Ethics can be obtained by requesting it from an advisory representative or affiliated person by calling (212) 679-4347.

The Code of Ethics articulates the importance of trust as a foundation to the relationship between an investment advisor and its clients and establishes policies and procedures to ensure that the Firm and its supervised persons place the interests of the clients first. The Code of Ethics requires that Peninsula and its supervised persons adhere to all applicable securities and related laws and regulations. The Code of Ethics also requires Peninsula and its supervised persons follow industry “best practices” involving confidential information, suitability of investments, personal trading on the part of Peninsula and its supervised persons, outside business activities of supervised persons and the disclosure of conflicts of interest.

Peninsula and its supervised persons may have an interest in client transactions insofar as they may personally invest in the same securities recommended to advisory clients. These transactions involve a conflict of interest as Peninsula or its supervised persons may benefit from an increase in price from subsequent purchases by advisory clients. To address this conflict of interest, Peninsula and its supervised persons will adhere to the following procedures regarding their personal trading:

1. Client transactions will always be placed ahead of those for Peninsula and its supervised persons;
2. Peninsula and its will mostly recommend to clients investments that are widely traded;
3. In the instance where private placement offerings are recommended to clients and a supervised person also has ownership interest in the private offering, full disclosure will be given so the client fully understands that conflict of interest; and
4. Neither advisory clients nor the Firm’s supervised persons will have enough funds invested in any given security to move the market in that particular security.

Principals and employees of the Firm and its affiliates may directly or indirectly own an interest in the Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

The Funds may invest together with the affiliates of the Firm including Zfere. The Firm and SPVs will determine the allocation of investment opportunity in a manner that they believe to be fair and equitable to the Funds consistent with the Firm’s and SPVs’ obligations and may take into consideration factors such as the following: a Fund’s investment restrictions and objectives, diversification limitations, tax and regulatory considerations, and other relevant factors, including risk.

The Firm and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

## **BROKERAGE PRACTICES**

With respect to the Funds, the Firm and SPVs will focus on securities transactions of private companies and will generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, SPVs may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists.

If the Firm sells publicly traded securities for a Fund, it will be responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Firm. In such event, the Firm will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Firm may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Firm will have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Firm will generally seek competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

With respect to the portfolio management advisory clients, Peninsula does not recommend its clients a specific broker, provided that if clients wish to have Peninsula manage their accounts on a discretionary basis, the particular broker-dealer used by a client must be instructed by the client to allow Peninsula to have trading authority within the account.

## **REVIEW OF ACCOUNTS**

The investments to be made by the Funds will generally be private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Firm and SPVs will closely monitor companies in which the Funds invest, and will periodically check to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund will provide to each of its limited partners (i) annual GAAP audited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

For portfolio management clients, Peninsula will review all client account holdings daily, but will review individual accounts on a quarterly basis in conjunction with calculating their management fees. Portfolio management clients will be encouraged to meet with Peninsula at least once a year to review their account as a whole, ensuring that the management aligns with their current financial condition, goals and objectives.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Peninsula may compensate other financial professionals (e.g. accountants, tax preparers) to refer their clients to Peninsula for investment advisory services. The use of referral compensation may constitute a conflict of interest. For referrals that engage Peninsula for investment advisory services, Peninsula will compensate the financial professional a portion of Peninsula's fees. Generally, this portion will be a one-time payment of 10% of the total fees initially collected. Clients may not negotiate this compensation, but clients will not be charged any higher fees when referred by a third party than when engaging Peninsula directly. Peninsula will only compensate financial professionals that are licensed as investment advisors or investment advisor representatives or demonstrate some exemption from licensing.

From time to time, Peninsula and/or SPVs may enter into solicitation arrangements pursuant to which they will compensate third parties for referrals that result in a potential investor becoming a partner in a Fund. Any fees and expenses payable to any such placement agents will be borne by Peninsula and/or SPV. Only placement agents that are registered broker-dealers will be compensated in connection with the formation of the Fund. Such compensation will range from 1% to 3% of the commitments made by applicable investors.

Peninsula and/or its affiliates may provide certain business or consulting services to companies in each Fund's portfolio and may receive compensation from these companies in connection with such services. As will be described in the Funds' offering documents, this compensation may, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (e.g., reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees.

## **CUSTODY**

With respect to accounts over which Peninsula has or is deemed to have custody of client assets, Peninsula directs the client's qualified custodian to send an account statement at least quarterly to such client indicating all amounts disbursed from the account (including the amount of any fees paid to Peninsula), all transactions occurring in the account during the period covered by the statement (amount of funds and each security), and a summary of the account positions and portfolio value at the end of the period. Clients will receive account statements directly from broker-dealers or other qualified custodians and clients should carefully review such statements. In addition, Peninsula will include in each account statement sent directly to clients a legend urging each client to compare the statements it receives from Peninsula with those delivered by the qualified custodian. A client may designate an independent representative to receive account statements on its behalf. The independent representative may not (a) control, be controlled by or be under common control with Peninsula; or (b) have, or have had within the past two years, a material business relationship with Peninsula.

With respect to the Funds over which Peninsula and/or one of its affiliates is deemed to have custody, Peninsula requires that each such Fund be subject to an audit by an independent accountant and distribute financial statements, audited in accordance with U.S. generally accepted accounting principles, to investors on an annual basis within 120 days after the Funds' fiscal year end.

## **INVESTMENT DISCRETION**

Peninsula will have investment discretion for those clients that elect discretionary portfolio management services. Clients will select this option specifically in the IAA and will sign a trading authorization form with their broker dealer custodian.

When clients grant discretionary authority to Peninsula, clients may still place restrictions on the advisor, such as a prohibition on investing in specific securities, industries, or markets that the client chooses. Additionally, unless specifically instructed by the client, Peninsula seeks to maintain diversified investment portfolios for its portfolio management clients and will not concentrate more than 15 percent of a client's assets into any ETF or non-diversified product(e.g. stock, bond, option contract) and will not concentrate more than 50 percent of a client's assets into any diversified products.

Peninsula and SPVs will exercise discretion over each Fund based on the fund's applicable investment objectives, policies and strategies disclosed in its private placement memorandum and set forth in its other governing documents.



## **VOTING CLIENT SECURITIES**

For any security that entails a voting right in the underlying company, Peninsula will not have or accept authority to vote client securities. All voting issues, proxies and solicitations will be communicated to advisory clients through the client's broker dealer custodian. Upon request, however, Peninsula may help explain or answer questions regarding a given voting issue.

However, in the case of the Funds, Peninsula or SPVs may be responsible for voting client proxies. Peninsula and/or SPVs will vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Peninsula generally believes that interests of SPVs will be aligned with those of Funds' investors through the SPVs' beneficial ownership interests in the Funds and therefore will not seek limited partner approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, Peninsula's Chief Compliance Officer shall resolve any conflict in a manner that is in the collective best interest of the Funds. Peninsula and its affiliates do not consider service on portfolio company boards by their personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies.

## **FINANCIAL INFORMATION**

The Firm does not require prepayment of management fees six months or more in advance or have any other events requiring disclosure under this item of the brochure.