

## Investment Adviser Brochure

ATL Advisor LLC

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This Brochure provides information about the qualifications and business practices of ATL Advisor LLC (“ATL” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 212-497-1381 or [crichards@midoceanpartners.com](mailto:crichards@midoceanpartners.com). 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.

ATL is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## **Item 2– Material Changes**

As this is a new registration, there are no material changes to report.

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#### **Item 4 – Advisory Business**

ATL Advisor LLC (the “Adviser”) was formed in September 2014.

The Adviser provides investment management services to a pooled investment vehicle – the Aerospace, Transportation and Logistics Fund LP (the “Fund” or “Client”) – a private equity fund formed by ATL Associates LLC (the “General Partner”), a Delaware limited liability company. The Adviser serves as the investment manager to the Fund pursuant to the terms of a management agreement entered into with the Fund and the General Partner (the “Management Agreement”).

The Fund targets investment opportunities in selected subsectors within the aerospace, transportation and logistics sectors primarily in North America.

The investment strategy for the Fund is described in the Fund’s marketing materials and is subject to any limitations set forth in the Fund’s Amended and Restated Agreement of Limited Partnership (as amended, modified, waived and/or restated, the “Partnership Agreement”). Except for any investment restrictions contained in the Partnership Agreement, limited partners of the Fund (“Limited Partners”) generally do not have the ability to limit the Adviser’s investment authority and generally participate in the Fund’s overall investment program, although certain Limited Partners may be excused from participating in certain investments or may be entitled to withdraw from the Fund under limited circumstances, in each case as set forth in the Partnership Agreement. Pursuant to the Management Agreement, the Adviser is responsible for managing the affairs of the Fund in accordance with the investment guidelines set forth in the Partnership Agreement. The Adviser may engage sub-advisors and may, in its discretion, retain other professionals, including but not limited to accountants, lawyers and consultants, to assist the Adviser in rendering any services to the Fund. In addition, the Adviser may provide services directly to portfolio companies. The senior principals or other personnel of the Adviser may serve on the board of directors of any such portfolio company or otherwise act to influence control over the management of the Fund’s portfolio companies.

The General Partner controls the business and affairs of the Fund. In addition, the General Partner is an affiliate of and under common control with the Adviser (as described below).

The Fund will be advised by a team of dedicated investment professionals (the “ATL Investment Professionals”) employed by MidOcean US Advisor, L.P. (“MidOcean”), a Delaware limited partnership, and seconded to the Adviser. The ATL Investment Professionals, together with certain senior executives comprising the “ATL Board”, collectively comprise the “ATL Investment Team”.

The Adviser and the General Partner are each owned by Tai Tam LLC, a Delaware limited liability company that is wholly owned by Frank V. Nash (“Mr. Nash”).

One or more additional partnerships or other parallel entities may be established to invest alongside the Fund to address legal, tax or regulatory requirements of certain non-U.S. or tax-exempt investors. Except to the extent necessary to address the foregoing requirements, such parallel entities, if any, will co-invest in investments on substantially the same terms as, and on a contemporaneous basis with, the Fund. Similarly, the General Partner or one of its affiliates may form one or more alternative investment vehicles if the General Partner determines in its discretion, for legal, tax, regulatory or other reasons that an investment cannot be made through the Fund and its parallel entities.

ATL Investor LP, a Delaware limited partnership (the “Special Limited Partner” or “ATL Investor”), an affiliate of the Adviser, is a limited partner of the Fund and receives the carried interest payable by the Fund (as described below). The general partner of ATL Investor is Tai Tam LLC.

The Adviser has engaged MidOcean to provide certain services to the Adviser subject to the terms and conditions of a services agreement among the Adviser and MidOcean (the “Services Agreement”). MidOcean or any of its affiliates provide the Adviser with services including, but not limited to, nondiscretionary investment advice through the investment management professionals in the form of seconded employees, regulatory compliance oversight for any employees who are supervised persons of the Adviser, as well as various office personnel, office space and equipment, systems and other services (the “Services”), all as further described on and subject to the terms and conditions set forth in the Services Agreement. As consideration for providing the Services, the Adviser compensates MidOcean through fees and cost reimbursements.

## **Item 5 – Fees and Compensation**

### *General*

The Adviser (including the Special Limited Partner) receives advisory fees and carried interest allocations in connection with the investment management and administrative services the Adviser provides to the Fund. Certain Limited Partners that are affiliates or employees of the Adviser or its affiliates or certain other investors so designated by the General Partner are not subject to such fees and/or carried interest allocations.

Advisory fees, carried interest allocations and/or other compensation payable to the Adviser (including the Special Limited Partner) by the Fund and their method of calculation are set forth in the marketing materials and in the Partnership Agreement. Fee terms of the Fund may be changed during the term of the Fund pursuant to the terms of the Partnership Agreement. The share of compensation earned by the Adviser or its affiliates in respect of the Fund may vary between investors in the Fund pursuant to the terms of the Partnership Agreement, side letter agreements or other arrangements with specific investors in the Fund, whereby such investors receive direct or indirect reductions of advisory fees or other compensation otherwise payable with respect to their investments in the Fund.

### *Advisory Fees*

The Adviser receives periodic advisory fees from the Fund of up to 2.0% of capital committed to, or the remaining invested capital of, the Fund depending on the commitment of the relevant investor and the point in time in the life cycle of the Fund (the “Advisory Fee”). The Fund pays the Advisory Fee to the Adviser quarterly in advance. The Advisory Fee is charged from a date determined by the General Partner (“Effective Date”) and set forth in the Partnership Agreement and is based on total commitments to the Fund, regardless of the date on which a Limited Partner is actually admitted to the Fund. Limited Partners participating in a subsequent closing of the Fund pay to the Fund an Advisory Fee retroactive to the Effective Date and, in addition, are required to pay an additional interest amount on such Advisory Fee from the Effective Date. The General Partner reserves the right to waive all or any portion of any future installment of the Advisory Fee.

Advisory Fees paid in advance will not be repaid to the extent that the Adviser’s services terminate prior to the end of the relevant payment period. Advisory Fees payable by the Fund to the Adviser may be due even if the fair value of the relevant investments is below cost or even zero.

### *Offset Fees*

The Advisory Fee is reduced by a percentage of directors fees paid to ATL Investment Professionals and by a percentage of any transaction, monitoring, advisory, break-up, commitment or similar fees received by the General Partner, the Adviser or their members or partners from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of the Fund and as further set forth in the Partnership Agreement (“Offset Fees”).– Offset Fees are generally not negotiated on an arm’s length basis.

As described more fully in the Fund’s marketing materials, the Adviser has exclusive relationships with certain senior professionals who provide certain key value-added services to the portfolio companies of the Fund (the “ATL Board”). The ATL Board members are not employees of the Adviser or members of the Adviser and will be paid for consulting services rendered to the Adviser. Such ATL Board members may receive compensation from the Fund’s portfolio companies, and such compensation will not be offset against the Advisory Fee.

### *Carried Interest*

The Special Limited Partner receives carried interest allocations with respect to the Fund from all Limited Partners (with the exception of certain Limited Partners that are affiliates or employees of the Adviser or its affiliates or certain other investors so designated by the General Partner) equal to up to 20% of the net realized returns of each portfolio investment, as more fully described in the Partnership Agreement. Carried interest allocations are subject to hurdle rates and clawbacks as more fully described in the Partnership Agreement. Principals or employees of the Adviser, including Mr. Nash, receive a portion of the carried interest allocations received by the Special Limited Partner as determined by the Adviser in its sole discretion.

### *Advisory Expenses*

The General Partner and/or the Adviser bear all ordinary overhead and administrative expenses incurred by the General Partner and/or the Adviser in connection with maintaining and operating their respective offices (including salaries, rent and equipment expenses and the preparation of annual and other reports relating to the General Partner and/or the Adviser or to the members and partners of the General Partner or the Adviser).

### *Organizational Expenses*

The Fund bears all legal and other organizational expenses, including all out-of-pocket expenses incurred in connection with the formation of the Fund, the General Partner, the Adviser and the Special Limited Partner, and the registration of the Adviser and/or the General Partner or any related entity or entities with the U.S. Securities and Exchange Commission, up to a cap as set forth in the Partnership Agreement. The General Partner bears the cost of any excess organizational expenses and any placement fees payable to any person in connection with the placement of limited partnership interests through a reduction of the Advisory Fee or otherwise.

### *Partnership Expenses*

In addition to organizational expenses set forth above, the Advisory Fee payable to the Adviser and the carried interest allocable to the Special Limited Partner, the Fund bears certain expenses as disclosed in the marketing materials and the Partnership Agreement (“Partnership Expenses”). These Partnership

Expenses include all costs, expenses, liabilities and obligations relating to the Partnership's and/or its subsidiaries' activities, investments and business (to the extent not borne or reimbursed by a portfolio company or prospective portfolio company), including (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of the Partnership's investments (including interest and fees on money borrowed by the Partnership, the Adviser or the General Partner on behalf of the Partnership, registration expenses and brokerage, finders, custodial and other fees), (ii) legal, accounting, administration, custodian, depositary, auditing, insurance (including directors and officers and errors and omissions liability insurance), travel, litigation, arbitration and indemnification costs and expenses, judgments and settlements, consulting, finders', financing, appraisal, filing and other fees and expenses (including fees, costs and expenses associated with the preparation or distribution of the Partnership's financial statements, tax returns and Schedule K-1s), expenses associated with the establishment of escrow accounts or any other administrative, regulatory or other Partnership-related reporting or filing expenses, (iii) costs and expenses of any Limited Partner advisory board of the Partnership, (iv) all fees, costs, expenses, liabilities and obligations incurred by the Partnership, the General Partner or any other ATL Person relating to investment and disposition opportunities for the Partnership not consummated (including legal, accounting, auditing, insurance, travel, consulting, finders', financing, appraisal, filing, printing, real estate title, survey and other fees and expenses), (v) all out-of-pocket fees, costs and expenses incurred by the Partnership, the General Partner or any other ATL Person in connection with the annual and other periodic (if any) meetings of the Limited Partners and any other conference or meeting with any Limited Partner(s), (vi) any taxes, fees and other governmental charges levied against the Partnership (to the extent not reimbursed by a Limited Partner or not distributed to the Limited Partners), (vii) costs and expenses that are classified as extraordinary expenses under GAAP, and (viii) all fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles. For purposes of this paragraph, "ATL Person" means the General Partner, the general partner of a parallel fund, the Adviser, Tai Tam LLC, the Special Limited Partner and each of their respective partners, managers, members, shareholders, officers and employees in their respective capacities as such.

If an investment using a blocker corporation or other intermediate entity is proposed to avoid incurring "effectively connected income" or "unrelated business taxable income" from such investment, all costs and expenses related to the blocker corporation and other intermediate entities including, without limitation, those related to the structuring, formation, operation, disposition and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other intermediate entity ("Blocker Expenses") are borne solely by the Limited Partners of the applicable parallel fund investing through such intermediate entity.

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

As disclosed above, the Special Limited Partner receives performance fees in the form of carried interest allocations from the Fund. Such fees are subject to the terms established in the Partnership Agreement and are taken only on net realized gains. The Adviser structures any performance or incentive fee arrangement to comply with Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and exemptions available thereunder, including the exemption set forth in Rule 205-3. Performance-based fee arrangements create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

The General Partner may provide co-investment opportunities to certain Limited Partners on a one-off basis, and one Limited Partner has a right of first refusal on all co-investment opportunities of \$50 million and above. Decisions with respect to each co-investment opportunity are made by the individual Limited Partner but may, in certain instances, be made through a vehicle controlled by the Adviser and/or the General Partner. Co-investors may not pay management fees or carried interest on their co-investment. In addition, co-investors may not, on a case by case basis, bear their share of broken deal expenses if an investment is not consummated.

## **Item 7 – Types of Clients**

The Adviser provides investment management services to the Fund. Only “qualified purchasers” (as such term is defined in the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder) may invest in the Fund. Fund investors may include high net worth individuals, corporate pension plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, private investment funds, trust programs, sovereign funds, and other U.S. and international institutions.

The General Partner generally requires a minimum investment to the Fund as set forth in the Partnership Agreement. However, that minimum investment amount may be waived at the General Partner’s discretion. The Fund has a finite fundraising period.

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

The Fund generally seeks to make majority or control investments including leveraged buyouts, growth capital investments, recapitalizations, going private transactions, corporate divestitures, restructurings, industry consolidations and special situations investments. Investments may take the form of common or preferred stock, warrants, certain senior or subordinated debt instruments or other securities. The Fund employs a top down, analytically driven approach to its target subsectors to help identify attractive investment targets. The ATL Investment Team rigorously evaluates each subsector against a comprehensive list of factors. This process is periodically repeated to ensure that market dynamics are reflected in the ATL Investment Team’s chosen areas of focus. If needed, the Fund engages third-party professionals, as appropriate, to assist in its in-depth analysis and investigation of the management team, growth prospects, competitive dynamics, historical and projected financial performance, legal characteristics and other risk factors applicable to a particular investment.

Investors should carefully consider the following risks of investing in any private equity fund.

### **Risks of Private Equity Investments**

The Fund’s investment portfolio primarily consists of securities issued by companies whose securities are not publicly traded. Although private equity investments offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk that can result in substantial losses.

### **Availability of Investment Opportunities**

The business of identifying and structuring investments contemplated by the Fund is competitive and involves a high degree of uncertainty. In addition, the availability of investment opportunities generally is subject to market conditions as well as, in some cases, the prevailing regulatory or political climates. Accordingly, there can be no assurance that the Fund will identify and complete attractive investments.



## **Future and Past Performance**

The performance of prior investments made by the ATL Investment Team is not necessarily indicative of the Fund's future results. In addition, certain investment professionals who were involved in prior investments described in the marketing materials are not among the investment professionals who are managing the Fund. Furthermore, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the ATL Investment Team. While the General Partner expects that the Fund will make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted internal rates of return will be achieved. On any given investment, loss of principal is possible.

## **Concentration of Investments**

The Fund participates in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Fund's investment portfolio could become concentrated and its aggregate return may be affected substantially by the performance of a few holdings.

## **Investments in Junior Securities**

The securities in which the Fund invests may be among the most junior securities in a company's capital structure and, therefore, subject to the greatest risk of loss. Generally, there is no collateral to protect an investment.

## **Leverage**

Investments held by the Fund in companies with a leveraged capital structure are subject to increased exposure to adverse economic factors, such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of the company or its industry. If such a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Fund's equity investment in the company could be significantly reduced or even eliminated.

## **Long-Term Investments**

The return of capital and the realization of gains, if any, occurs only upon the partial or complete disposition of an investment. It is expected that many of the Fund's investments will not be sold or distributed for a number of years after they are made. Prior to such time, there generally will be no current return on those investments.

## **Risks of Realization of Investments; Illiquidity**

Given the nature of the investments contemplated by the Fund, there is a significant risk that the Fund will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise will be unable to complete any exit strategy. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which the Fund's investments are made, changes in national or international economic or political conditions (including acts of war, terrorism or other calamity or crisis), adverse conditions in national or global financial or capital markets, or changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made.

The Fund's investments consist primarily of securities that are not publicly traded and may require a substantial length of time to liquidate. The Fund generally is not able to sell these securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. The Fund's ability to dispose of investments may be dependent, in part, on the IPO market, which fluctuates in terms of both volume of transactions as well as the types of companies that are able to access the market. In addition, in some cases the Fund may be prohibited by contract or by applicable securities laws from selling such securities for a period of time or otherwise be restricted from disposing of such securities. The proceeds of certain investments may be distributed to Limited Partners in kind.

### **Reliance on the General Partner**

The Fund has no operating history. Control over the operation of the Fund is vested entirely in the General Partner, which also has no operating history, and which delegates certain managerial and advisory functions to the Adviser, which also has no operating history. The Adviser has engaged MidOcean to provide Services under the Services Agreement. Both MidOcean and the Fund's anchor investor have a right, under certain circumstances, to terminate the Services Agreement. Should that occur, the Adviser would need to provide or arrange for others to provide the Services.

The loss of service of one or more investment professionals could have an adverse impact on the Fund's ability to realize its investment objectives. The Limited Partners do not make decisions with respect to the acquisition, management, disposition or other realization of any investment, or other decisions regarding the Fund's business and affairs. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio investments.

### **Reliance on Portfolio Company Management**

The Adviser, on behalf of the General Partner and the Fund, monitors the performance of each investment, including through participation on the boards of directors of certain portfolio companies. However, the primary responsibility for the management and operation of the portfolio companies on a day-to-day basis rests with each portfolio company's management team. There can be no assurance that these management teams will operate their respective portfolio companies successfully.

### **Director Liability**

The Fund often receives the right to appoint a representative or representatives to serve on the board of directors of a portfolio company. The designation of directors could expose the assets of the Fund to claims by a portfolio company, its security holders and/or its creditors. While the General Partner intends to manage the Fund to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

### **Non-Controlling Investments**

Some of the Fund's investments may be minority positions in companies and in companies for which the Fund has no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Fund relies significantly on the management teams and boards of directors of such companies, which may include representation by other investors whose interests may conflict with the interests of the Fund.

## **Limitations on Transfer; No Market for Limited Partnership Interests**

Limited Partners are not permitted to transfer or pledge their limited partnership interests in the Fund without the consent of the General Partner. Furthermore, the transferability of limited partnership interests in the Fund is subject to certain restrictions contained in the Partnership Agreement and is affected by restrictions imposed under applicable securities laws. In general, withdrawals by Limited Partners are not permitted. There is currently no efficient market for limited partnership interests in the Fund, and it is not expected that one will develop.

## **Regulatory Clearances and Approvals Affect Certain Investments**

Some of the companies in which the Fund invests may be subject to government regulation in the United States, Europe and/or elsewhere. The products or services of such companies are dependent upon obtaining regulatory clearances and approvals in various jurisdictions. The process of obtaining these approvals can be lengthy, expensive and uncertain, and there is no assurance that these approvals will be obtained. Failure to obtain these approvals could have a significant adverse effect on a portfolio company's performance or the ability of the Fund to dispose of its investments in the portfolio company at an attractive time or price.

## **Recourse to the Fund's Assets**

The Fund's assets, including any investments and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to the particular investment giving rise to the liability.

## **Non-United States Investments**

The Fund may invest in companies that are based and operate outside of the United States. Investments in non-U.S. securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (a) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various other currencies in which the Fund's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another, (b) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative liquidity of some non-U.S. securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (c) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation and (d) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.

## **Consequences of Failure to Make Payment in Full**

If a Limited Partner fails to fund any installment of its capital commitment or to make any other payment to the Fund when due, the defaulting Limited Partner may be required, among other things, to forfeit a substantial portion of its capital account and rights to future profits (but not losses) that otherwise would have been allocable to the Limited Partner. The General Partner may designate a person or entity to assume the entire unpaid balance of the defaulting Limited Partner's capital commitment and succeed to all of the rights of the defaulting Limited Partner's interest. In addition, the General Partner may take

other actions provided in the Partnership Agreement and pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount, including attorneys' fees, to be paid by the defaulting Limited Partner.

### **Imposition of Tax Regardless of Cash Distributions**

Limited Partners are required to recognize for U.S. federal income tax purposes their pro rata shares of the taxable net income of the Fund, whether or not the Limited Partners received distributions from the Fund to cover such tax liabilities. The Fund may generate taxable income for a Limited Partner even though the value of the Limited Partner's interest in the Fund has declined.

### **Indemnification**

The General Partner, the Adviser and certain of their related persons are entitled to indemnification from the Fund, except under certain limited circumstances. Any money paid to the General Partner, the Adviser or certain of their related persons to cover indemnification expenses reduces amounts that would otherwise be payable to the Limited Partners.

### **Absence of Statutory Regulation**

The Fund is not registered under the U.S. Investment Company Act of 1940, as amended, and therefore will not benefit from the statutory protections of such law.

### **Uncertain Economic and Political Environment**

The current global economic and political climate is one of uncertainty. Acts of terrorism in the United States and abroad, the threat of additional terrorist strikes, war in various strategic locations in the world and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and may cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The climate of uncertainty increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections.

### **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 your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no information applicable to this Item.

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

As discussed above in Item 5 – Fees and Compensation – Offset Fees, the Adviser may provide various management and financial services to Fund portfolio companies and may receive additional compensation from these companies in connection with such services. Any such compensation may be offset against future Advisory Fees as required by the Partnership Agreement.

As discussed above in Item 4 – Advisory Business, MidOcean provides certain Services, including but not limited to investment management professionals in the form of seconded employees, to the Adviser pursuant to a Services Agreement. The Adviser compensates MidOcean for such services through fees and cost reimbursements.

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

### *Code of Ethics*

The Adviser has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics annually, or as amended.

The Adviser is built upon the principles of fair dealing and ethical conduct of our employees. Its reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity. The continued success of the Adviser will be dependent upon its clients' trust, and we are dedicated to preserving that trust. Employees owe a duty to the Adviser, its clients and investors to act in a way that will merit the continued confidence of the public.

The Adviser complies with all applicable laws and regulations and expects its employees and partners to conduct business in accordance with the letter, spirit and intent of all relevant laws and to refrain from any illegal, dishonest or unethical conduct. If a situation arises where it is difficult to determine the proper course of action, the matter should be discussed openly with an immediate supervisor or the Chief Operating Officer for advice and consultation.

The Adviser will provide its Code of Ethics to any client or prospective client who requests it. Requests should be sent to Candice Richards at [crichards@midoceanpartners.com](mailto:crichards@midoceanpartners.com).

### *Participation or Interest in Client Transactions and Personal Trading*

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

Through the Code of Ethics, the Adviser seeks to ensure that the personal securities transactions, activities and interests of its employees will not interfere with (i) making decisions in the interest of advisory clients or (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code of Ethics requires pre-clearance of many transactions including any limited offerings or IPOs. Employee trading is monitored in order to reasonably detect and prevent violations.

### *Allocation of Investment Opportunities*

Members or employees of the Adviser may be contractually obligated to notify MidOcean of certain investment opportunities of which they are actually aware that might be suitable as add-on acquisitions for any of the existing portfolio companies of MidOcean Partners III, LP. Such investment opportunities may also be appropriate investment opportunities for the Fund. The Adviser and MidOcean have agreed

to engage in good faith discussions to determine whether any such investments should be made by MidOcean Partners III, LP or by the Fund. No such investment shall be made until such determination has been made. Some of the factors that the Adviser and MidOcean will take into account include their respective clients' investment restrictions and objectives (including those set forth in the relevant client's governing documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level and applicable regulatory restrictions.

#### *Other Conflicts of Interest*

An investment in the Fund may involve complex tax, structural and other considerations that may differ for individual investors. Furthermore, it is possible that individual Limited Partners may have conflicting interests with regard to the nature of investments made by the Fund and the structuring and realization of such investments. In selecting and structuring investments and divestments of the Fund, consideration will be given to the interests of the Fund rather than the interests of any individual Limited Partner.

The individual members or employees of the General Partner and the Adviser may also devote time and attention to one or more permitted other funds, as described in the Partnership Agreement, and do devote time and attention to existing portfolio companies of MidOcean Partners III, LP, as described in the Services Agreement. Conflicts of interest may arise in allocating management time, investment opportunities, services or functions among such entities and the Fund.

It is possible that a permitted other fund or MidOcean Partners III, LP will invest in a company that is or becomes a competitor of a portfolio company of the Fund. Such investment could create a conflict between the Fund and the permitted other fund or MidOcean Partners III, LP.

The Special Limited Partner (whose partners include members and employees of the Adviser) receives a carried interest allocation from the Fund. Because the carried interest is payable only on profits, partners of the Special Limited Partner may have an interest in increasing profits on assets at the expense of a more conservative investment strategy that focuses on the return of invested capital. For example, if the Fund, on advice from the Adviser, holds a portfolio company on the expectation that its price will continue to rise, it may forego opportunities to liquidate the portfolio company at a time it can be assured of returning capital to the Limited Partners.

#### **Item 12 – Brokerage Practices**

Investors in the Fund authorize the General Partner to act on behalf of the Fund. The Adviser as the investment manager to the Fund, and the General Partner as the general partner of the Fund, makes all decisions related to the investment and divestment of the Fund's assets including the selection of investments, the size of investments, the banker or other advisor in such transactions or, in the case of securities that are traded, the broker or dealer to be used and the commissions to be paid, if any. Although trading in public securities is not a daily occurrence for the Fund, at times the Fund may hold public stocks that are unrestricted or will trade on foreign exchanges or in foreign currency as necessary. On all of its trades, the Adviser seeks to get best execution for the Fund's trades and will seek to pay market commissions, as applicable. The Adviser does not receive research or other services associated with the execution of its trades, and does it use any form of soft dollars.

#### **Item 13 – Review of Accounts**

As is standard for private equity funds, the Adviser provides its clients with quarterly financial statements, quarterly capital account statements and annual audited financial statements. These reports

provide information about the holdings of the Fund, the valuation of the holdings, amounts that have been called for investments, advisory fees or expenses and any obligations that are deemed to be significant.

The Adviser and its administrator review the accounts, cash and status of the Fund's account periodically to confirm that they accurately reflect the Fund's activities.

As part of its ongoing management oversight, the Adviser oversees the performance of the Fund's investments and interacts with each portfolio company on a regular basis to evaluate the company's performance against projections and budgets. In addition to reviewing board materials, the Adviser reviews periodic financials and sales reports as appropriate to monitor the portfolio company's performance against expectations and to determine if strategic initiatives, including integrations, scheduled cost saves, new product launches, *etc.* are proceeding in accordance with expectations and projections.

In addition, prior to an investment being made, the Adviser confirms that any investment will be in compliance with the investment limitations set forth in the Partnership Agreement.

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

The Adviser has four employees seconded from MidOcean who are responsible for marketing and investor relations. As such, the Adviser will include in the determination of each employee's overall compensation the success in identifying potential investors and handling investor requests and inquiries.

The Adviser has not entered into agreements with placement agents but may do so in the future. If the Adviser were to enter into such a relationship, the placement agent would be vetted and the arrangement would be fully disclosed to any potential Limited Partners that the individual or firm approached.

#### **Item 15 – Custody**

All of the Adviser's custody accounts will be maintained by Deutsche Bank Trust Company Americas with Pershing LLC. Limited Partners will receive quarterly unaudited statements from the respective custodian that holds and maintains the Fund's investment assets. The Adviser urges investors to carefully review such statements and compare such official custodial records to the account statements that the Adviser provides. The Adviser's statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

The Adviser will provide Limited Partners with Fund audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the Fund's fiscal year end. As such, the Adviser is deemed to comply with Rule 206(4)-2.

#### **Item 16 – Investment Discretion**

As discussed, the Adviser has discretionary authority to manage investments on behalf of the Fund. The Adviser assumes this discretionary authority pursuant to the Management Agreement.

In general, Limited Partners cannot place limits on the Adviser's authority, although the Adviser is subject to any limitations on investments set forth in the Partnership Agreement. In addition, the Partnership Agreement allows the General Partner to enter into "side letter" arrangements with certain

Limited Partners whereby such Limited Partners may have the right to opt out of certain investments for legal, tax, regulatory or similar reasons.

#### **Item 17 – Voting Client Securities**

As required by Rule 206(4)-6 under the Advisers Act, the Adviser has adopted Proxy Voting Policies and Procedures (the “Proxy Policy”) that are reasonably designed to ensure that the Adviser votes proxies in the best interests of clients and that address how the Adviser resolves material conflicts of interest that may arise between the Adviser’s interests and the interests of the Fund. The CCO is responsible for overseeing the Adviser’s compliance with the Proxy Policy.

The Adviser generally believes its interests are aligned with those of its clients through the principals’ beneficial ownership interests in the Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence, if applicable, of the Fund’s Limited Partner advisory board, if any, on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Fund’s Limited Partner advisory board, if any, may approve the Adviser’s vote in a particular solicitation. The Adviser does not consider service on portfolio company boards by Adviser personnel or the Adviser’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a client.

If you would like a copy of the Adviser’s Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies, please contact Candice Richards at 212-497-1381, and the Proxy Policy and/or information will be provided to you free of charge.

#### **Item 18 – Financial Information**

The Adviser does not require the prepayment of fees more than six months in advance. In addition, the Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.