

Item 1. Cover Page

Long Point Capital, Inc.

747 Third Avenue
22nd Floor
New York, NY 10017

(212) 593-1800

www.longpointcapital.com

Part 2A of Form ADV: Firm Brochure
January 5, 2015

This brochure provides information about the qualifications and business practices of Long Point Capital, Inc. If you have any questions about the contents of this brochure, please contact us at (212) 593-1800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Long Point Capital, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

Long Point Capital experienced two material changes recently. First, in November 2014, Long Point Capital Fund II, L.P. sold all of its assets to a new fund, Long Point Capital Fund III which was established with initial contributions to purchase the portfolio of Long Point Capital Fund II, L.P. and new capital commitments of \$75,000,000. Long Point Capital Fund III is managed by Long Point Capital Partners III, L.P, an affiliated person of Long Point Capital, Inc. (the “Adviser”). The offering of the new fund closed on November 24, 2014. In addition, the Adviser created another new fund, Long Point Capital Co-Investment Fund III, L.P. to invest alongside the investments in Long Point Capital Fund III, L.P.

In addition, Eric Von Stroh became affiliated with the Adviser as one of its Managing Directors. In addition, Mr. Von Stroh is Co-President of one of the Adviser’s affiliates, Long Point Capital Management, LLC.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means Long Point Capital, Inc. (“Long Point”), a Delaware corporation, as filing adviser, together, where applicable, with Long Point Capital Management LLC (“Management LLC”), as relying adviser, and Long Point’s affiliates that receive advisory fees from the Funds.

The Adviser provides discretionary advice to investment vehicles (the “PE Funds”), which consists of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the PE Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the PE Funds in order to provide such services. The PE Funds make primarily long-term private equity and equity-related investments, and may also make debt or debt-related investments from time to time. In accordance with the PE Funds’ respective investment objectives, investments are generally made in growth-oriented small capital companies doing business in the United States and Canada that have enterprise values ranging from \$30 million to \$150 million (collectively, “growth-oriented small capital companies”).

In addition, the Adviser provides non-discretionary investment advice and related services to other investment vehicles with ownership positions in a limited number of growth-oriented small capital companies (the “Investment Funds,” and together with the PE Funds, the “Funds”), which includes management, consulting, strategic, financial and other advisory services.

The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and each Fund’s securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”). Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner or managing member of each such Fund, if applicable, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

The principal owners of Long Point are Ira Starr and Gerard William Boylan. The principal owners of Management LLC are Ira Starr, Gerard William Boylan and Eric Stephen Von Stroh. Messrs. Starr, Boylan and Von Stroh also have ownership interests in other affiliated entities of Long Point that receive advisory fees from the Funds.

The Adviser has been in business since 1997. As of November 2014, the Adviser managed a total of \$284,612,617 of client assets on a discretionary basis, and \$134,551,825 on a non-discretionary basis.

Item 5. Fees and Compensation

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund an advisory fee (each, an “Advisory Fee”). Advisory Fees paid by a Fund are indirectly borne by investors in such Fund.

In addition, the Adviser and its affiliates may perform management, advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, the Investment Funds and actual or prospective portfolio companies or other investment vehicles of the Funds. In the case of the PE funds, this may include fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions (“Transaction Fees”). Generally, under the terms of the applicable organizational documents of the PE Funds, these Transaction Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. The Transaction Fees for the PE Funds may be substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although these fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable PE Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or organizational documents of the applicable PE Fund. Additionally, a portfolio company may reimburse the Adviser for expenses (including without limitation travel expenses, which may include expenses for chartered or first class travel) incurred by the Adviser in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Transaction Fees” under the terms of the applicable organizational documents, and such reimbursements are not subject to the sharing arrangements described below. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

From time to time, the Adviser may (in its sole discretion), agree to pay a portion of a transaction or other fee received from an actual or prospective portfolio company to a third party (such fee, a “Third Party Fee”), such as a consultant, advisor, finder, broker and/or investment bank. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the applicable organizational documents to share such Third Party Fee with the Funds.

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, such amounts will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Advisory Agreement, organizational documents and/or other

documentation received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

Advisory Fees billed to and received from the PE Funds are payable quarterly in advance. Advisory Fees billed to and received from the Investment Funds are payable quarterly in arrears.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

To the extent provided in the Advisory Agreements and the partnership agreements or other organizational documents of the Funds, the Adviser will generally pay out of Advisory Fees certain operating and administration expenses, travel, food and lodging expenses, compensation of its partners and employees (other than Carried Interest described in Item 6 below), fees and expenses for outside consulting services relative to selection of investments and other routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds. Consistent with the partnership agreements or other organizational documents of the Funds, each Fund will generally bear certain out-of-pocket fees, costs and expenses directly related to the purchase or sale of securities by the Fund, any out-of-pocket fees and expenses incurred in connection with certain transactions that are not consummated, certain taxes of the Fund, reasonable fees and expenses of accountants, counsel and certain consultants, insurance, costs associated with annual and other meetings of limited partners in the Funds, payments to board members, certain litigation-related expenses, certain extraordinary expenses, and certain fees or expenses (up to certain limits specified in the partnership agreements or other organization documents) incurred by the Adviser or the Fund in connection with such Fund's operations.

Additionally, please see Item 6 below regarding "Carried Interest" that Funds may pay.

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Item 6. Performance-Based Fees and Side-By-Side Management

With respect to each Fund a portion of the profits, if any, of each such Fund may be distributed to its general partner (or another affiliate of the Adviser) as "carried interest" (the "Carried Interest"). Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

The payment of Carried Interest at varying rates (including varying rates based on the past performance of a Fund) may create an incentive for the Adviser to disproportionately allocate time, services or functions. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual

provisions and procedures setting forth investment allocation requirements. Additionally, the Adviser periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner or managing member of each such Fund, as applicable) and not individually to investors in any Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner or managing member of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

PE Funds

Investment Focus

When identifying investment opportunities for the PE Funds, the Adviser has consistently targeted smaller-middle market companies with enterprise values between \$30 million and \$150 million. The principals believe that this market offers a significant opportunity (i) to acquire companies at attractive pricing levels, and (ii) to add operating value through professional management. The Adviser has consistently pursued and will continue to pursue private companies which are either management-owned/family-owned or are orphan divisions of larger corporations. Private companies often have special transaction requirements (e.g. equity retention, speed, confidentiality, family transitions) that favor financial buyers over strategic buyers.

Investment Strategy and Process

The elements of the PE Funds’ investment strategy and the basis for this strategy can be summarized as follows:

- *Deal Flow Origination.* Strive to generate the maximum possible deal flow from which to identify the best investment opportunities.
- *Investment Evaluation.* Apply a disciplined investment decision process to select those transactions in which the Adviser believes that it can achieve an appropriate risk-adjusted return. The Adviser is a value-oriented investor, preferring companies with predictable growth trends and limited downside risk.
- *Transaction Structuring.* Seek to create a “win-win” transaction structure tailored to meet the requirements of the seller and the buyer, while protecting the downside risk of the Adviser’s investment.
- *Portfolio Management.* Focus on operations in an effort to accelerate the company’s growth and optimize its performance.
- *Investment Realizations.* Drive a competitive exit process, based upon the market environment and the company’s potential performance, typically after a three to six year period.

Deal Flow Generation

The Adviser’s principals believe that in order to generate superior investment returns, the Adviser must generate a large number of investment opportunities from which it can select those transactions that best meet its investment strategy.

The Adviser proactively solicits deal flow in an organized manner. Senior management of the Adviser leads the deal flow generation efforts, but all professionals at the Adviser are responsible for deal flow generation. Senior management coordinates the marketing activities of the Adviser: assigning call lists for all professionals, measuring call productivity, arranging marketing activities at conferences and arranging in-person visits with intermediaries.

Network Origination. The Adviser’s principals believe that active solicitation of its contact network, which it continually works to expand, is the key to sustained deal flow generation. This network currently encompasses over numerous intermediaries, financial advisors, senior and mezzanine debt providers, accountants, lawyers and management teams that the Adviser’s principals have cultivated during their 80-plus years of combined investment experience. The Adviser actively and regularly markets itself to this contact network through periodic phone calls, announcements, and personal visits to brokers’ conferences and selected intermediaries’ offices.

Focused-Search Generation. The Adviser often seeks investment opportunities in specific industry niches in which the Adviser has knowledge, relationships and experience in an effort to position the Adviser as a preferred buyer for companies in these industries and to allow the Adviser to evaluate these investment opportunities.

Once a deal is identified, it is entered into a central transaction log and the deal information is circulated throughout the Adviser. The Adviser meets weekly to review the status of each deal, and to prioritize the time and resources allocated to each deal. In order for the Adviser to submit a preliminary proposal for a transaction, a “deal champion” must convince the other professionals that the transaction is an attractive opportunity.

Investment Evaluation

Investment Criteria

The Adviser pursues a value-oriented investment philosophy – to invest at disciplined valuations in companies with favorable growth prospects in partnership with experienced management teams. The Adviser evaluates investment opportunities using the following criteria.

Quality Business. The Adviser seeks to invest in companies that exhibit (i) market leadership in product line, distribution and/or manufacturing, resulting in a strong, defensible business franchise, and (ii) a demonstrated history of consistent cash flow generation.

Proven Management Teams. The Adviser seeks to make investments in companies in concert with entrepreneurial operating management on the basis of a mutually agreed-upon operating plan. In order to align the management interest with that of the Adviser, the Adviser generally seeks investments where management is making a significant investment in the company.

Favorable Acquisition Price. The Adviser is highly valuation sensitive and seeks attractive investment terms.

Potential for Significant Earnings Growth. The Adviser seeks investments in companies with the potential to produce meaningful, predictable increases in operating cash flow over a three to six year period, resulting from internal growth, consolidation or other fundamental growth opportunities.

Control Positions. The Adviser typically seeks control investment positions, because it provides the Adviser the greatest influence over the strategic direction of each portfolio company, as well as the tactical path taken by management.

Standalone and Platform Strategies. The Adviser’s focus is on standalone and platform investments. The Adviser will not consider roll-ups, particularly in the context of leveraged roll-ups in the manufacturing sector.

Flexible Exit Options. Prior to making an investment, the Adviser seeks to identify feasible exit options for the company under consideration. Companies that lend themselves to multiple strategic and financial buyers are considered more favorably. Other exit strategies, such as a recapitalization or a sale to management, may be viewed favorably depending on the circumstances.

Due Diligence

The professionals at the Adviser generally undertake an extensive due diligence analysis for each investment as a means for identifying and controlling the downside risk in an investment. The due diligence process is overseen by two of the principals to ensure that each transaction team has considered all the issues material to a comprehensive analysis of the proposed transaction. Following the completion of the due diligence review, a detailed investment memorandum is prepared and the proposed investment is presented to the Investment Committee of the PE Fund's general partner.

The due diligence process generally includes a complete analysis of the company's cost structure, pricing trends, customer and vendor relationships, and competitive environment. Early in the due diligence process, the Adviser's principals identify areas where outside analytical help will be needed and hire appropriate experts. In a typical due diligence process, the Adviser would engage:

- an accounting firm to evaluate the company's earnings quality;
- a market research firm to conduct a customer and market analysis;
- an industry consultant to review operations and/or identify specific industry dynamics;
- an insurance specialist to evaluate the company's risk management practices;
- a benefits expert to evaluate the company's health and benefits programs;
- legal counsel to evaluate the company's contractual obligations and contingent liabilities;
- an environmental consultant to identify any environmental issues; and
- a human resource consultant to review the company's management team.

Transaction Structuring

In developing or advising on transaction structures, the Adviser seeks to accomplish the following objectives: (i) creating a "win-win" economic structure, where the interest of the sellers is aligned with that of the buyer; (ii) creating a flexible capital structure, where the capital structure has sufficient leverage to maximize equity returns without restricting the growth of the company; and (iii) creating an equity structure to protect the Adviser's downside in a transaction.

"Win-Win" Transaction Structures. The Adviser strives to compete effectively against strategic buyers by developing a clear understanding of the seller's objectives for a transaction and providing a transaction structure that is tailored to meet those requirements. In a number of transactions, the Adviser has discovered that price, while important, is not the only critical component of the transaction. In these cases, the Adviser seeks to achieve attractive valuations by addressing other critical issues, such as ongoing ownership for the seller, retention of certain assets, the ability to effect a generational transition, privacy and certainty of closing.

The Adviser works to achieve attractive valuations by structuring a transaction to provide further upside to the seller, either through retained equity ownership or through earn-outs. Utilization of these structures can be especially effective when target management has

not engaged in a broad auction process and is unsure of the company's relative valuation, or when target management perceives that it is selling in a "down" market.

Flexible Capital Structure. In the structuring of each investment, the Adviser seeks to develop the optimal amount of leverage appropriate for its business plan and sufficient to maximize returns on a PE Fund's invested capital. The Adviser's goal is to utilize appropriate leverage without restricting the acquired company's ability to pursue its business plan to maximize shareholder value.

Protection and Control through Careful Investment Structuring. To support its ability to execute investment strategies and protect its downside, the Adviser carefully structures its investment documentation to provide appropriate control mechanisms over the critical issues specific to each investment. These control mechanisms cover issues such as board representation, shareholder voting rights, liquidity rights, veto rights over key financial and operating decisions, relationships with key managers and shareholders and general corporate governance. To mitigate the Adviser's investment risk further, the Adviser may seek to structure investments in securities that offer preferred returns, current income or liquidity preferences. The Adviser has structured its equity in a number of these investments as preferred stock which is senior to the sellers' common stock investment.

Portfolio Management

The Adviser seeks to invest in companies that are driven by talented leaders, but often lack a full professional management team, an independent board of directors and the resources of a corporate parent. In particular, many entrepreneurial leaders have not directed sufficient resources to develop their financial staff and systems. The Adviser actively focuses on operations and tailors its operational advice to each individual portfolio company to enable these companies to reach their full potential.

The professionals of the Adviser generally serve on the board of directors of each portfolio company and are actively involved in each company's operations. The professionals typically work with management in an effort to: (i) establish results-driven incentive plans; (ii) identify, recruit and develop key executives; (iii) establish the strategic direction to enhance the company's market position; (iv) source and execute add-on acquisitions; (v) reduce costs; (vi) prioritize capital expenditures; (vii) manage working capital; (viii) optimize the capital structure; and (ix) position the company for exit.

The Adviser's principals all have extensive experience, acquired over a full range of economic cycles, in the significant strategic, operational, managerial and financial issues facing portfolio companies.

Investment Realizations

Prior to making an investment, the Adviser will generally identify feasible exit options for the company under consideration. Companies that lend themselves to multiple strategic and

financial buyers are considered more favorably. Other exit strategies, such as a recapitalization or a sale to management are also viewed favorably depending on the circumstances. The Adviser analyzes exit options using an opportunistic approach. The Adviser will assess both a portfolio company's future performance potential and the general conditions in the capital markets. An exit may be appropriate if a portfolio company has significantly increased its EBITDA or reduced its debt, or if available exit multiples have become more attractive.

The Adviser's principals seek to realize value from portfolio companies through sales to strategic buyers, sales to financial buyers, sales to the public market, and through sales to employee stock ownership plans.

The Adviser generally anticipates that it will hold its investments for a three to six year period. This time period may allow the Adviser to create value through growth in earnings.

Upon exit, the Adviser seeks to generate increased shareholder value through (i) growth in the portfolio company's sales and earnings, (ii) paydown of debt, and (iii) selling the company at a higher valuation multiple than the multiple for which the company was purchased. The Adviser strives to exit investments at more favorable valuation multiples by outgrowing the less efficient, less liquid smaller-middle market and by accessing a wider range of exit alternatives.

Investment Funds

The Adviser does not provide discretionary investment advice to the Investment Funds, and therefore does not control the investment strategies employed by such Investment Funds. Nonetheless, when providing investment advice to the Investment Funds, the Adviser applies similar methods of analysis and investment strategies, to the extent they are applicable for Investment Funds for which it does not have investment discretion. For example, as described above under "Portfolio Management," the Adviser actively focuses on operations and tailors its operational advice to each Investment Fund's portfolio companies to enable these companies to reach their full potential. The Adviser attempts to achieve this objective by providing, without limitation, (i) advice with respect to the development and implementation of strategies for improving operating performance, (ii) advice in connection with product and service offering development, marketing and distribution, (iii) advice in connection with the negotiation of agreements with suppliers, customers, landlords, licensees, licensors, strategic partners and other persons with whom the portfolio companies and their subsidiaries conduct business, and (iv) advice in connection with strategic planning and analysis, human resources, executive recruitment and other operational matters.

Risks

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

Recent Financial Market Fluctuations. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable to a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

Nature of Investment. Investment in a Fund requires a long-term commitment, with no certainty of return. In the period immediately following investment, cash flow available to a Fund's investors is likely to be limited. Most of the investments made by the Funds are highly illiquid, and there can be no assurance that the Funds will be able to realize on such investments in a timely manner. Dispositions of such investments may require a lengthy time period or may result in distributions in kind. Generally, the Funds will not be able to sell these securities publicly, except pursuant to a registration statement filed under the Securities Act or in accordance with Rule 144 or another exemption under the Securities Act. The securities in which the Funds will invest will generally be junior in what will typically be a complex capital structure, and thus subject to the risk of loss. Leveraged companies by their nature undertake a high ratio of fixed charges to available income. Such investments are inherently more sensitive

to declines in revenues and to increases in expenses. Since the Funds may only make a limited number of investments (or, in the case of the Investment Funds, a single investment), poor performance by a few of the investments or a single investment could severely affect the total returns to limited partners.

Competition for Portfolio Investments. The Adviser may encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources and access to more personnel than the Adviser. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Adviser and adversely affecting the terms upon which investments can be made. To the extent that the Adviser encounters such increased competition, returns to investors may decrease.

Significant Investment by Certain Investors. Certain investors have committed a significant amount of capital to each PE Fund, which may pose a risk that a PE Fund will not have adequate capital to make its targeted investments in the event of a default by such investors in their capital contributions.

Foreign Investments. Certain Funds may invest a percentage of aggregate commitments in companies operating and/or organized outside the United States or Canada. Foreign securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. Dollar and the various foreign currencies in which the Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) 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; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (v) the financing and structuring of alternatives and exit strategies that differ substantially from those commonly used in the United States.

Investment Funds. Although the Adviser provides investment advice to the Investment Funds, the Adviser does not have discretionary authority with respect to the ultimate investment decisions made by, or on behalf of, the Investment Funds. As a result, the Investment Funds may perform differently than, and may utilize different investment strategies from the PE Funds.

Government Regulation. The operations of certain growth-oriented small capital companies in which the Investment Funds have invested are subject to regulation by federal agencies and to licensing and regulation by state and local health, sanitation, building, zoning, safety, fire, and other departments. Such companies may experience material difficulties or failures obtaining the necessary licenses or approvals for their operations, and changes in state and/or federal

regulations could significantly increase such companies' insurance premiums as well as overall labor costs.

Exposure to Increases in Commodity and Labor Costs. The profitability of certain of the Investment Funds' investments depends in part on the ability to anticipate and react to changes in labor and supply costs, many of which are beyond the control of the Adviser due to general economic conditions, seasonal fluctuations, weather conditions, demands, and government regulations.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various entities affiliated with the Adviser serve as general partners (the "General Partners") of certain of the PE Funds. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its managing directors, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to the Adviser's Chief Compliance Officer, at 747 Third Avenue, 22nd Floor, New York, NY 10017.

Participation or Interest in Client Transactions

Certain employees and affiliates of the Adviser may invest in the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Due in part to the fact that potential investors in a Fund or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, other "friends of the firm," or other persons may invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as "co-investment vehicles," generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles do not pay Advisory Fees or Carried Interest.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing.

Certain procedures for resolving specific conflicts of interest for the Funds are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds;
- (3) Generally, each PE Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (5) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Conflicts

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients

Because the Adviser does not exercise discretionary authority with respect to the Investment Funds, the Adviser does not have procedures for allocating opportunities among the Investment Funds. With respect to the PE Funds, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among the PE Funds and any co-investment vehicles that have been formed to invest side-by-side with one or more PE Funds in all or particular transactions entered into by such PE Funds. In recognition of its fiduciary duties, it is the policy of the Adviser to treat its clients fairly and equitably in the allocation of investment opportunities and transactions more generally. The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith.

The PE Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the PE Funds. Investment Allocation Requirements may be set forth in the instrument under which the PE Fund was established (such as a PE Fund’s limited partnership agreement or private placement memorandum), or in side letters. To the extent the Investment Allocation Requirements of a PE

Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the PE Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which PE Funds will participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular PE Fund, based on the PE Fund's investment objectives, strategies and structure, typically reflected in the PE Fund's offering memoranda and organizational documents. Once the PE Funds that will participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified PE Funds. In allocating such investment opportunity, the Adviser may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each PE Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each PE Fund's liquidity and reserves;
- Each PE Fund's diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by each PE Fund as well as each PE Fund's projected future capacity for investment;
- Each PE Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each PE Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a PE Fund;
- The availability of other suitable investments for each PE Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents of each PE Fund.

The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any PE Fund, (ii) the profitability of any PE Fund or (iii) any person's interest in offering or participating in co-investment opportunities outside of any PE Fund.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a PE Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist. In addition, principal executive officers and other personnel of the Adviser invest indirectly in and may be permitted to invest directly in PE Funds and may therefore participate indirectly in investments made by the PE Funds in which they invest. Such interests will vary PE Fund by PE Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a PE Fund.

The appropriate allocation of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the organizational documents of the PE Funds, as applicable. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among PE Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the PE Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

Conflicts Related to Purchases and Sales

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and, in the case of a PE Fund, will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a PE Fund or a portfolio company of another PE Fund. Investments by more than one client of the Adviser in a portfolio

company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A PE Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other PE Funds have invested.

From time to time the Adviser may, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In the case of a PE Fund, in exercising its discretion to select the purchaser(s) of such investments, the Adviser may consider some or all of the factors listed above under "*Allocation of Investment Opportunities Among Clients*". The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable PE Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable PE Fund(s). Any such transactions will comply with the organizational documents of the applicable PE Fund(s).

Cross-Transactions

Because the Adviser does not exercise discretionary authority with respect to the Investment Funds, the Adviser does not have procedures for Cross Transactions among the Investment Funds.

In certain cases, the Adviser may cause a PE Fund to purchase investments from another Fund, or it may cause a PE Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or, in the case of a PE Fund, the Adviser might have an incentive to improve the performance of one PE Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. In the case of a PE Fund, to address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of

the relevant PE Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the Adviser's President, will be responsible for confirming that the Adviser (i) considers its respective duties to each PE Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any PE Fund where the Adviser may be deemed to own more than 25% of the PE Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents and related documents relating to the Funds generally contain additional restrictions on the ability of the Funds or the Adviser to engage in principal transactions.

Management of the Funds

The Adviser manages Funds that may have investment objectives similar to each other. The Adviser may in the future establish one or more additional funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the PE Funds and any such fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients*" above. In addition, it is expected that employees of the Adviser responsible for providing investment advice to a particular Fund will have responsibilities with respect to other Funds advised by the Adviser, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

The Funds may enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount. In the case of a PE Fund, the Adviser will determine it is in the best interest of the PE Funds before the PE Funds enter into such a joint and several borrowing arrangement.

Follow-on Investments

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

Conflicts Relating to the General Partner and the Adviser

The Adviser generally may, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and managing directors, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. In addition, officers, principals and employees may buy securities in transactions offered to or recommended to but rejected by Funds. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds they may have conflicting interests with respect to these investments.

Because certain expenses are paid for by a PE Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a PE Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a PE Fund or its portfolio companies to incur) such expenses.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure may create an incentive to deploy capital when the Fund's investment adviser (e.g., Long Point in the case of a PE Fund) may not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of each Fund (or other related persons of the Adviser) are entitled to Carried Interest under the terms of the organizational documents of such Funds. Such General Partners or other related persons are affiliates of the Adviser. The existence of the Carried Interest may create an incentive for the Adviser to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services

As described in Item 5 above, the Adviser and its affiliates may perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to the Adviser. Consistent with the Funds' partnership agreements or other organizational documents, the Adviser may incur expenses, and a portfolio company may reimburse the Adviser for such expenses (including without limitation travel expenses, which may include expenses for first class travel) incurred by the Adviser in connection with its performance of services for such portfolio company. Such reimbursements are not subject to the sharing arrangements described below. This creates a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. The Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser and its affiliates will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and certain employees and affiliates of the Adviser invest alongside the Funds) may have a right to share in such fees, and Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

Diverse Membership

The investors in the Funds may include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions or recommendations made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In recommending and/or selecting investments appropriate for a Fund, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Business with Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of recommending portfolio company services to other portfolio companies. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

The Adviser may have an incentive to recommend the products or services of certain investors in the Funds, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. The Adviser may have an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

The Adviser and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company).

The Adviser has service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Funds and/or who provide services to businesses that are competitors of the Adviser. The Adviser may have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for

other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. In these instances the Adviser uses reasonable efforts to mitigate such conflicts (for example, but requesting that the law firm or service provider enter into separate engagement letters with each party and separately bill each applicable entity) and uses good faith efforts to negotiate market terms for such law firm and service providers' services.

Certain members of a PE Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner or managing member of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Positions with Portfolio Companies

Employees of the Adviser may serve as directors of portfolio companies. With respect to the PE Funds, such employees generally do not receive any compensation related to serving as a director of a portfolio company of a PE Fund. With respect to the Investment Funds, such employees may receive compensation for serving as directors, which generally offsets the management fee otherwise payable to Management with respect to the applicable Investment Fund. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

Side Letter Agreements

The Adviser may enter into certain side letter arrangements with certain investors in a PE Fund providing such investors with different or preferential rights or terms. Generally, such letter agreements have been entered into to address certain regulatory, legal, or tax considerations applicable to a particular investor.

Other Potential Conflicts

The Adviser and the Funds may generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser and the Funds in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds.

The Adviser may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Fund's investment adviser (e.g., the Adviser in the case of a PE Fund) may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The partnership agreements (or analogous organizational documents) of certain PE Funds permit each such PE Fund's General Partner, or its affiliates, to lend money to the applicable PE Fund. Such lending arrangements create conflicts of interest between the applicable General Partner or affiliate and the PE Fund acting as borrower.

The partnership agreements (or analogous organizational documents) of certain PE Funds permit each such Fund's General Partner to withhold information from certain limited partners or investors in such PE Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

Item 12. Brokerage Practices

As Funds invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

As the Adviser does not exercise discretionary authority over the Investment Funds, the Adviser does not direct the purchase or sale of publicly traded securities on behalf of the Investment Funds or select broker-dealers for such Investment Funds.

Selection of Brokers and Dealers

In the rare event that a broker-dealer is required to sell a PE Fund's investment, the Adviser has sole discretion over the purchase and sale of investments (subject to the direction of such PE Fund's General Partner) including the size of such transactions and the broker or dealer, if any,

to be used to effect transactions. In placing each transaction for a PE Fund involving a broker-dealer, the Adviser will seek “best execution” of the transaction. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

Aggregation of Trades

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one PE Fund for the purchase or sale of the same publicly traded security. In such cases, the Adviser and its affiliates generally aggregate trade orders for publicly traded securities so that each participating PE Fund will receive the average price for each execution of a transaction.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser’s review of them is not directed toward a short-term decision to dispose of securities. However, in the case of each Fund, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios of the Funds are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Directors and other investment professionals of the Adviser.

Reporting

Investors in the PE Funds typically receive, among other things, a copy of audited financial statements of the relevant PE Fund within 120 days after the fiscal year end of such PE Fund, as well as quarterly performance reports within 60 days after each fiscal quarter end. The Adviser and the applicable General Partner, if any, may from time to time, provide additional information relating to such PE Fund to one or more investors in such PE Fund as such investors reasonably request.

As the Adviser does not provide discretionary investment advice to the Investment Funds, the Adviser is not responsible for providing regular reports to investors in such Investment Funds.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

The Adviser does not have investment discretion with respect to the Investment Funds.

Item 17. Voting Client Securities

While the Adviser has authority to vote securities held by the PE Funds, the Adviser does not have authority to vote securities held by the Investment Funds.

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the PE Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each PE Fund by maximizing the economic value of the relevant PE Fund’s holdings, taking into account the relevant PE Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser’s general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser’s Chief Compliance Officer (the “CCO”), the Management Committee, or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant PE Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant PE Funds.

PE Funds generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the Adviser’s CCO or appropriate investment professional for a voting decision. In most cases, the Adviser’s CCO or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an

agreement as to how to vote, then the CCO may consult with the Adviser's Management Committee as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant PE Funds' holdings.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant PE Funds. The Adviser's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the PE Funds.

Where the Adviser's CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a PE Fund and copies of proxy voting policies are available to any client or prospective client upon written request to the Adviser's Chief Compliance Officer, at 747 Third Avenue, 22nd Floor, New York, NY 10017.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.