



Invesco Private Capital, Inc.

www.invesco.com

Form ADV Part 2A Firm Brochure

CRD#: 107584

SEC#: 801-45224

This brochure provides information about the qualifications and business practices of Invesco Private Capital, Inc., a registered investment adviser located at *1166 Avenue of the Americas, 25th Floor, New York, New York 10036*.

If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer Lisa L. Gray at (212) 652-4274 or by email at lisa.gray@invesco.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. Additional information about Invesco Private Capital, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Note: The term registered investment adviser does not imply a certain level of skill or training

March 31, 2015

Invesco Private Capital, Inc.

Item 2 - Material Changes

There were no material changes to the Invesco Private Capital, Inc. brochure since the last annual update on March 31, 2014.

Table of Contents

Item 2 - Material Changes	i
Item 4 - Advisory Business	1
Principal Owners.....	1
Types of Advisory Services.....	2
Assets Under Management	2
Item 5 - Fees and Compensation	2
Item 6 - Performance-Based Fees.....	3
Item 7 - Types of Clients	3
Account Minimums.....	3
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	4
Item 9 - Disciplinary Information.....	5
Item 10 - Other Financial Industry Activities and Affiliations	8
Item 11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Registrant's Participation as General Partner in Partnerships	9
Opposing Recommendations.....	9
Investment of Capital	9
Recommendation Affiliated Funds	9
New Fund Seed Capital	9
Fire Wall Policies	9
Item 12 – Brokerage Practices	10
Selecting Brokerage Firms.....	10
Best Execution	10
Soft Dollars	11
Order Aggregation	11
Item 13 - Review of Accounts.....	12
Client Reports	12
Item 14 - Client Referrals and Other Compensation.....	12
Solicitors	12
Other Compensation.....	12

Item 15 - Custody	13
Item 16 - Investment Discretion	13
Item 17 - Voting Client Securities.....	13
Item 18 - Financial Information	13

Item 4 - Advisory Business

Invesco Private Capital, Inc., (“IPC”) was founded in 1981 and has been registered as an investment adviser with the SEC since 1993. IPC is directly owned by Invesco Advisers, Inc. and is indirectly owned by Invesco Ltd. (NYSE: IVZ).

IPC has capabilities in private capital investing, including partnership selection/monitoring and direct investments.

IPC specializes in two primary investment strategies, Fund of Funds Investing and Direct Investing described as follows:

Fund of Funds (“FOF”) Investing

Our investment philosophy underlies the strategy we use to construct our FOF portfolios. We believe there is significant upside potential for those who understand the illiquid nature of the asset class and have a long-term investment horizon.

We do not believe private markets can be timed nor do we believe that the largest funds can be relied upon to deliver superior returns over consecutive cycles. For these reasons, we invest selectively over time and overweight our portfolios in smaller or niche venture capital and buyout firms.

The basic structure of our alternatives product also differentiates our investment approach. Some of our products offer investors flexible sector allocation options among venture capital, leverage buyout and international private equity firms. Our products can accommodate investors who have little or no current exposure to alternatives, as well as clients who prefer to handle a certain portion of their alternative investment commitments in-house while outsourcing specialized portions of their program to a skilled, dedicated outside manager.

By constructing our core FOF portfolios over a multi-year period, we attempt to diversify over a typical investment cycle. Our global portfolio is constructed with a mix of partnerships that vary by size, stage of investment, investment strategy, geography and industry.

When blended together, these characteristics help to mitigate overall portfolio investment risk. IPC also accepts a limited number of full discretion account assignments designed to accommodate specific investment strategies such as emerging managers or small & mid-size buyout funds.

Direct Investing

Our venture capital strategy is to finance companies looking for capital across multiple industries. We primarily seek to invest in companies that already offer strong “proof of principle” and have placed working technology in the hands of

initial customers, successfully completed early clinical trials or have initial proof of a working business model.

Types of Advisory Services

IPC provides investment advisory services to certain U.S. and non-U.S. unregistered pooled investment vehicle clients (“fund client”) as well as, separately managed client accounts.

Advisory services provided to all clients are fully discretionary where IPC has the authority to make all investment decisions for its clients’ accounts and may buy or sell direct private equity offerings, stocks, bonds, or any other security, subject to any guidelines or restrictions agreed to between IPC and its investors.

Assets Under Management

As of December 31, 2014, IPC manages approximately \$1,586,986,557 in assets for 45 accounts. All client assets are managed on a discretionary basis.

Item 5 - Fees and Compensation

Fees are generally based on commitments, net asset value or invested capital as determined by the relevant investment management agreement. Fees are either charged directly to and paid by the fund client or billed directly to and paid by the underlying investor in the fund client.

Fees may be negotiable based on a variety of circumstances such as specialized guidelines, performance fees, existing accounts or relationships with IPC or its affiliates, off-shore relationships; account size, or type of investor. Examples of fee arrangements are shown below.

Direct Private Investment Fee Schedule

U.S. investors: Minimum fees range from 75 to 250 basis points on committed assets plus a 15% - 20% carried interest/performance fee. Fees may differ for non-U.S. investors and for high net worth individual investors.

FOF Fee Schedule

Generally, fee range from 75 to 100 basis points on US Venture, US LBO/Corporate Finance and International Partnerships.

Prospective investors should carefully consider fee disclosures set forth in each fund’s private placement memorandum prior to investing.

Investment advisory fees are billed quarterly, in arrears, meaning that clients are invoiced *after* the three-month billing period has *ended*. IPC does not make use of side pockets to calculate any charges to clients.

Separately Managed Accounts

Fees for separately managed accounts are generally billed quarterly in arrears and are computed by applying 1/12th of the annual percentage rate to the ending month book values.

Other Fees

Clients will incur additional fees and expenses relating to third party services, including but not limited to custodian, transfer agent, and other similar fees. IPC does not provide custodial services. IPC does not participate in the receipt of custody fees or otherwise receive any benefit as a result of custodial services provided directly to its clients' accounts.

IPC may delegate a portion or all of its investment management responsibilities to one or more sub-advisors that may be affiliated with the company. IPC may also contract to pay solicitors to solicit clients. In both cases, the IPC will be responsible for the fees paid to such sub advisors or solicitors and the client's fee will *not* be increased to cover such costs.

Item 6 - Performance-Based Fees

The existence of performance based fees may create an incentive to make more speculative investments on behalf of investment vehicles which charge performance-based fees to the Fund than it would otherwise make in the absence of such performance-based fee arrangement. IPC also manages accounts that are not charged a performance-based fee. This practice could present a conflict of interest because IPC has an incentive to favor accounts for which IPC receives a performance-based fee. In such event, IPC will address any such potential conflict of interest by following its existing Allocation of Investment Opportunities Policy designed to assist IPC to allocate investment opportunities among its clients in a fair and equitable manner, consistent with IPC's fiduciary obligations to, and underlying documents, if applicable, for the relevant investment vehicle.

Item 7 - Types of Clients

IPC generally provides investment advice to unregistered collective investment vehicles (fund clients). IPC views the funds to which it provides

investment advisory services as its clients (“fund clients”). IPC also enters into separately managed account engagements to provide investment advisory services to a range of institutional and private clients. Client relationships vary in scope and length of service.

Account Minimums

The minimum account size for separately managed accounts is \$75 million of assets under management. For commingled funds, the minimum investment is \$5 million. IPC has the discretion to waive account minimums.

Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

Analytical methods used by IPC may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

IPC occasionally uses independent consultants as a source of research to obtain information on a particular industry, sector, etc., prior to determining whether it should commit capital to a particular private venture.

All investment programs have certain risks to the investor. Our investment approach constantly keeps the risk of loss in mind. These risk factors include, without limitation:

- *Interest-Rate Risk* - Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on certain fixed-rate debt instruments become less attractive, causing their market values to decline.
- *Market Risk* - Asset prices may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of an asset’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk* - When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- *Currency Risk* - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk* - This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk* - These risks are associated with a particular industry or a particular company within an industry.
- *Liquidity Risk* - Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk* - Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Item 9 - Disciplinary Information

Settled Enforcement Actions and Investigations Related to Market Timing

On October 8, 2004, INVESCO Funds Group, Inc. ("IFG"), the former investment advisor to certain AIM Funds (known as the Invesco Funds), and Invesco Advisors, Inc. (known as Invesco Advisers, Inc. "Invesco Aim"), the AIM Fund's investment advisor and Invesco Aim Distributors, Inc. ("IADI") (now known as Invesco Distributors, Inc.) announced that final settlements had been reached with the Securities and Exchange Commission ("SEC"), the New York Attorney General ("NYAG"), the Colorado Attorney General ("COAG"), the Colorado Division of Securities ("CODS") and the Secretary of State of Georgia to resolve civil enforcement actions and investigations related to market timing activity and related issues in the AIM Funds, including those formerly advised by IFG. In their enforcement actions and investigations, these regulators alleged, in substance, that IFG and Invesco Aim failed to disclose in applicable Fund prospectuses for the AIM Funds that they advised and to the independent directors/trustees of such Funds that IFG and Invesco Aim had entered into certain arrangements permitting market timing of such Funds, thereby breaching their fiduciary duties to such Funds. As a result of the foregoing, the regulators alleged that IFG, Invesco Aim and IADI, the distributor of the retail AIM Funds and a wholly owned subsidiary of Invesco Aim, breached various Federal and state securities, business and consumer protection laws. Under the terms of the settlements, IFG, Invesco Aim and IADI consented to the entry of settlement orders or assurances of discontinuance, as

applicable, by the regulators containing certain terms, some of which are described below, without admitting or denying any wrongdoing.

Under the terms of the settlements, IFG agreed to pay a total of \$325 million, of which \$110 million is civil penalties. The \$325 million total payment was paid in two equal installments in accordance with the terms of the settlement and the final payment was paid before December 31, 2005. Invesco Aim and IADI agreed to pay a total of \$50 million, of which \$30 million is civil penalties. The entire \$50 million payment by Invesco Aim and IADI was paid on November 8, 2004.

The entire \$325 million IFG settlement payment was made available for distribution to the shareholders of those AIM Funds that IFG formerly advised that were allegedly harmed by market timing activity, and the entire \$50 million settlement payment by Invesco Aim and IADI was made available for distribution to the shareholders of those AIM Funds advised by Invesco Aim that were allegedly harmed by market timing activity, in accordance with a methodology determined by Invesco Aim's independent distribution consultant, in consultation with Invesco Aim and the independent trustees of the AIM Funds and which was approved by the staff of the SEC on May 23, 2008.

On May 23, 2008, the Securities and Exchange Commission (SEC) posted its final approval of the plans for distributing market timing settlement proceeds to adversely impacted shareholders of the Invesco Funds, formerly AIM and Invesco Fund Shareholders. The AIM Fair Fund began distribution of settlement monies to impacted former shareholders on June 1, 2009; the last date a check was honored for payment was December 31, 2009. After receipt of SEC approval, undistributed residual amounts left in the AIM Fair Fund were deposited in the appropriate funds. Final SEC approval to formally complete the disbursement was received on November 6, 2013. The Invesco Fair Fund began distribution of settlement monies to impacted former shareholders on December 11, 2009, and the distribution of checks concluded on September 21, 2010. The last day checks were honored for payment or wires issued were October 21, 2010. The two fair funds were distributed in accordance with a methodology determined by Invesco's independent distribution consultant (IDC Plan), in consultation with Invesco and the independent trustees of the funds and approved by the staff of the SEC. Obligations pertaining to the fair funds were completed Invesco Aim and IADI were censured. Invesco Aim and IADI were ordered to cease and desist from committing or causing violations of the Advisers Act and the Investment Company Act. Invesco Aim and/or IADI voluntarily undertook remedial actions, including maintaining a Board of Trustees that is 75% independents, designating an independent Chairman of the Board, maintaining independent legal counsel for the independent trustees holding elections of trustees at least every five years, cooperating fully with the SEC, maintaining a compliance and ethics oversight structure with an internal controls committee and ombudsman, retaining an independent compliance consultant, conducting periodic compliance reviews, and retaining an independent distribution consultant. On July 12, 2011 the SEC issued an order modifying the undertakings in the October 8, 2004 settlement order. The modifications relieved Invesco of its future obligations to continue to: (1) Undertake bi-annual third party compliance reviews, (2) Maintain an internal compliance controls committee, and (3) Conduct shareholders' meetings to elect the Board of Trustees at least every five years. All other provisions of

the 2004 order remain in effect. IFG also paid \$1.5 million to the COAG to be used for investor education purposes and to reimburse the COAG for actual costs. Finally, IFG and Invesco Aim paid \$175,000 to the Secretary of State of Georgia to be used for investor education purposes and to reimburse the Secretary of State for actual costs.

None of the costs of the settlements were borne by the AIM Funds or by Fund shareholders.

In addition, under the terms of the settlements, Invesco Aim has undertaken to cause the AIM Funds to operate in accordance with certain governance policies and practices, including retaining a full-time independent senior officer whose duties will include monitoring compliance and managing the process by which proposed management fees to be charged the AIM Funds are negotiated. The AIM Funds have engaged Mr. Russell Burk as the senior officer, and he reports directly to the Chairman of the AIM Funds Board of Trustees.

Regulatory Action Alleging Market Timing

On August 30, 2005, the WVASC issued its Summary Order to Cease and Desist and Notice of Right to Hearing to Invesco AIM and IADI. The WVASC claims that Invesco AIM and IADI violated the West Virginia securities laws. The WVASC purports to order Invesco AIM and IADI to cease any further violations and seeks to impose monetary sanctions, including restitution to affected investors, disgorgement of fees, reimbursement of investigatory, administrative and legal costs and an “administrative assessment” to be determined by the Commissioner. We believe this matter is indefinitely suspended.

Private Civil Actions Pending Against IFG, Invesco Aim and Related Entities and Individuals

A number of civil lawsuits related to market timing, late trading and related issues were filed against (depending on the lawsuit) certain of the AIM Funds, IFG, Invesco Aim, Invesco Ltd., certain related entities, certain of their current and former officers and/or certain unrelated third parties. All such lawsuits were transferred to the United States District Court for the District of Maryland (the “MDL Court”) for consolidated or coordinated pre-trial proceedings.

Other civil lawsuits were filed against (depending on the lawsuit) IFG, Invesco Aim, IADI, certain related entities, certain of their current and former officers and/or certain of the AIM Funds and their trustees alleging the improper use of fair value pricing, excessive advisory and/or distribution fees, improper charging of distribution fees on closed funds or share classes, improper mutual fund sales practices and directed-brokerage arrangements, and failure to participate in class action lawsuits. One suit alleging improper use of fair value pricing was settled and dismissed. The other was transferred to the MDL Court for pre-trial purposes. The suits alleging excessive fees were settled. The suits alleging improper charging of distribution fees on closed funds or

share classes have been dismissed. The suits alleging improper mutual fund sales practices were dismissed with prejudice by the Court. The suit alleging failure of Invesco Aim to participate in class action lawsuits was dismissed with prejudice by the Court.

More detailed information concerning the lawsuits pending in the MDL Court, as well as all other civil lawsuits that have been served on IFG, Invesco Aim, the AIM Funds or related entities, or for which service of process has been waived as of a recent date, including the parties to the lawsuits and summaries of the various allegations and remedies sought, can be found in the Invesco Funds' statements of additional information.

Item 10 - Other Financial Industry Activities and Affiliations

IPC is an SEC registered investment adviser affiliated with Invesco Ltd., a large global financial services firm that offers investment solutions to clients world-wide. As such, IPC is affiliated with many other entities within the Invesco global structure, including broker-dealers, registered and unregistered US and non-US investment advisers. However, none of the Affiliates have relationships or arrangements in place with IPC that are material to its business other than to serve as a conduit in various international jurisdictions that allow IPC to offer and provide investment advisory services in those jurisdictions where it would not otherwise be able to offer or provide advisory services due to specific registration and licensing requirements.

IPC's funds are distributed by Invesco Distributors, Inc. a FINRA-registered affiliated broker-dealer. Invesco Advisers, Inc., an affiliated registered investment adviser, provides marketing and certain administrative services to IPC.

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

IPC has a written Code of Ethics (the "Code") and Policy Statement on Insider Trading Prohibitions. The Code is administered by the Compliance Department. Compliance is responsible for interpreting the provisions of the Code, for adopting and implementing rules and procedures, for enforcing the provisions of the Code and for determining whether violations of the Code or of any such rules or procedures have occurred. *The IPC Code of Ethics is available for review by clients and prospective clients upon request.*

IPC and its affiliates may recommend that clients buy or sell interests in the same investment products in which it or its related persons have some financial interest, including ownership. IPC and its related persons may own, buy, or sell for themselves the same securities that they may have recommended to clients. Examples are described below. Our policies and procedures are intended to identify these and other potential conflicts and to assure that in all instances client interests come first.

Pursuant to the Code, all IPC employees, including members of the investment staff, are required to report to Compliance the names of all personal brokerage accounts in which they have a direct or indirect beneficial ownership interest. Compliance uses an automated system in the daily monitoring of compliance with certain aspects of the Code.

Registrant's Participation as General Partner in Partnerships

IPC and its employees may provide investment advice to limited partnerships formed to invest in private securities. Invesco or related persons may be a limited partner or act as the general partner. In such cases, the general partner will also receive a portion of the profits of the partnership once a return to limited partners has been achieved.

Opposing Recommendations

IPC may buy, sell or hold securities for itself or certain clients while entering into the opposite investment decision for one or more other client accounts.

Registrant will not knowingly act as a broker or cause one client to sell a security to, or purchase a security from, another client, unless it is in the client's best interest.

Investment of Capital

IPC or related persons may invest their own capital in securities or investment products in which the private equity funds managed by IPC also invests in, including private equity securities and funds.

Recommendation Affiliated Funds

IPC may recommend to either a fund or third-party client account the purchase of a private equity fund where IPC or a related entity serves as either the general partner or manager. In these situations, IPC will not offset or reduce its fees in proportion to the fees charged by a related fund except for WL Ross & Co. LLC funds.

New Fund Seed Capital

From time to time, affiliates of IPC will provide seed capital to help fund a new private capital investment fund. In doing so, IPC may purchase securities equivalent to the amount of capital deposited for such purposes in an account in the name of the affiliate that is later transferred into the investment fund in exchange for a percent ownership in such investment fund.

Information Barriers

To address instances where it is in possession of material non-public information (“MNPI”), IPC has adopted policies and procedures designed to wall off certain information that govern its activities and its affiliates, including Invesco Senior Secured Management, Inc. and WL Ross & Co. LLC. Subject to these procedures, the details of all MNPI obtained by any Invesco affiliate is restricted to certain designated individuals and Legal/Compliance personnel.

In addition, IPC and its parent have developed monitoring procedures that are designed to reasonably ensure that the receipt of MNPI by IPC does not adversely impact the investment activities of its affiliates. These procedures include the establishment of a Restricted List, where securities are placed on the restricted list due to the receipt of MNPI by an IPC employee. IPC will also be walled-off from the public areas of the firm through the erecting of physical walls with key card access.

The integrity of the walls will be maintained to reasonably ensure there are no information leaks by continuously monitoring IPC and employee investment transactions both on the private and public sides of the wall. Only the most senior management will sit on top of the wall and will have access to public areas (“Exempt Employee”). Exempt Employees’ and accounts over which they either exercise discretion or have some other beneficial interest, personal securities transactions will be subject to a heightened level of scrutiny.

Item 12 – Brokerage Practices

IPC does not generally engage in direct trading on behalf of its clients. However, to the extent that IPC does engage in direct trading on behalf of its clients it would follow the practices as described below.

Selecting Brokerage Firms

IPC primarily invests in private equity offerings, and only occasionally uses brokerage services. When using brokerage services, IPC’s affiliate generally has the authority and responsibility to select the broker-dealer.

Best Execution

IPC, through its affiliate, selects brokers based on their ability to provide best execution. In seeking best execution and negotiating commission rates, commission cost is one factor that is considered. Other factors may include price, quality, quantity, research and other services provided, reliability of the brokerage services, execution capability, a firm’s financial responsibility, and the difficulty of specific transactions. An analysis is performed to determine which services best assist us in fulfilling our overall investment responsibilities to our clients. All such factors are considered when selecting brokers that we

believe will deliver best execution in seeking to fulfill the long term best interests of our clients.

Soft Dollars

IPC does not currently have any third-party soft dollar arrangements.

IPC's affiliate that places orders with brokers for the execution of public securities on behalf of IPC's clients may occasionally receive brokerage and research services from various firms, including third parties that provide research or other services in return for directing IPC client account brokerage business to them.

These services include quantitative and qualitative research information and recommendations for investments, as well as analyses and reports covering a broad range of economic factors, markets and trends. IPC believes this practice is in the long term best interest of its clients; however, because the Invesco affiliated trading desk does place some transactions with brokers in recognition of the usefulness of their research or other products or services provided to other divisions, clients may pay commission rates that are higher than rates which may be charged either by another broker-dealer, or if no research was provided. On an ongoing basis, IPC's affiliate monitors and evaluates the performance and execution capabilities of the firms that provide research and brokerage services and also monitors the levels of commission costs in comparison to those commissions paid by other institutional investment managers.

In direct private equity transactions, IPC may enlist the services of certain investment banking firms to consummate the acquisition or sale of a private capital venture. When this occurs, investment banking fees are generally paid by the company we are seeking to acquire or sell out of the purchase price or sale proceeds. The information that is provided to IPC from the investment banking firm qualifies as research under Section 28 (e).

Order Aggregation

The same investment decision may be made for more than one client account managed by IPC when transacting in public securities through IPC's affiliated trading desk. In these circumstances, should purchase and sell orders of the same class of security be in effect at the same time, the orders may be combined to seek best execution.

Orders partially filled will be allocated pro-rata in proportion to each account's original order or account, although exceptions may be made to avoid odd lots and de minimis allocations. Execution prices for a combined order will be averaged so that each participating account receives the average price paid or received.

Item 13 - Review of Accounts

Lead portfolio managers and investment committees monitor client accounts on a regular basis. Invesco personnel conduct a second level of review, as well. Client account management may require portfolio managers and operations personnel to provide daily, monthly and quarterly reviews regarding specific client account requirements. These team members work to assure that individual accounts comply with contractual guidelines and restrictions. They monitor individual account composition and performance in comparison to models and arrange for efficient investment/liquidation when cash deposits and disbursements are made. The frequency of reviews will vary depending on the type of investment activity. Major changes in market conditions may also trigger ad hoc reviews.

Client Reports

Investors in IPC's fund clients receive reports at least quarterly. These reports provide performance metrics, sector classifications, yield, income, portfolio composition and value, and purchases and sales. Reporting frequency and content may be tailored to clients' particular needs.

Item 14 - Client Referrals and Other Compensation

Solicitors

IPC uses an affiliated broker dealer, Invesco Distributors, Inc., to market its funds, however IPC currently does not use any unaffiliated third-party marketers. If this were to change, IPC would pay fees to persons for client referrals, as permitted by Rule 206(4)-3 of the Investment Advisers Act of 1940. Such fees would be paid by IPC rather than by the client. These fees typically involve paying a portion of the investment management fee to the referring party. IPC will not charge the referred client a higher fee to compensate for the fee it pays to the solicitor.

Other Compensation

It is IPC's policy that if a portfolio manager, employee or a related person serves as a director on a board of directors (or in a similar capacity) of a portfolio company in which IPC has invested client funds, compensation is either refused or offset to such clients' accounts for their benefit. Employees who serve on the board of directors of portfolio companies are not permitted to keep any compensation received for participation on such portfolio companies' boards. IPC will use such fees to offset a portion of the management fees charged to the relevant clients.

Item 15 - Custody

Although IPC's clients' assets are held at qualified custodians and such clients receive account statements from such custodians, IPC may be deemed to have custody because it, or an affiliated entity, serves as the general partner and investment manager to certain fund clients.

However, IPC delivers a copy of audited financial statements to each investor in a fund client within 120 days for private equity funds and 180 days for funds of funds, in accordance with custody regulations. For certain private equity partnerships that are in liquidation mode, underlying limited partners or unit holders will receive a quarterly statement from the custodian.

Item 16 - Investment Discretion

IPC has discretionary authority to manage investment accounts on behalf of its clients. IPC has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Limits to IPC's authority and other client specifications are contained in client investment management contracts.

Item 17 - Voting Client Securities

Unless the client designates otherwise, IPC votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. IPC strives to vote proxies in accordance with the best economic interests of its clients and to resolve any conflicts of interest exclusively in the best economic interests of clients.

A copy of IPC's Proxy Voting Policy is available upon request.

Item 18 - Financial Information

IPC does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because IPC does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.