

**FORM ADV PART 2A
INVESTMENT ADVISER BROCHURE**

LEVINE LEICHTMAN CAPITAL PARTNERS, INC.

**335 N. Maple Drive, Suite 130
Beverly Hills, CA 90210
310-275-5335
<http://www.llcp.com>**

March 31, 2015

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Levine Leichtman Capital Partners, Inc. (“LLCP”). If you have any questions about the contents of this Brochure, please contact us at 310-275-5335. 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 authority.

LLCP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding LLCP is also available on the SEC’s website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS

	<u>Page</u>
Material Changes	2
Advisory Business	2
Fees and Compensation.....	5
Performance-Based Fees and Side-By-Side Management	7
Types of Clients	7
Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Disciplinary Information.....	26
Other Financial Industry Activities and Affiliations.....	26
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	26
Brokerage Practices	28
Review of Accounts	29
Client Referrals and Other Compensation.....	29
Custody	30
Investment Discretion	30
Voting Client Securities	30
Financial Information.....	31

MATERIAL CHANGES

LLCP filed its most recent Form ADV Part 2 on March 31, 2014. This annual amendment substantially amends and restates the Brochure and updates the description of the business practices of LLCP and its affiliates and reflects the addition of new structured equity advisory clients in the past twelve months.

ADVISORY BUSINESS

Levine Leichtman Capital Partners, Inc. (“**LLCP**”), a California corporation and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere and to managed accounts.¹ LLCP commenced operations in 1984.

LLCP’s clients include the following:

Structured Equity Funds:

- Levine Leichtman Capital Partners II, L.P. (“**LLCP II Fund**”)
- Levine Leichtman Capital Partners III, L.P. (“**LLCP III**”) and its parallel investment vehicle² (collectively, “**LLCP III Funds**”)
- Levine Leichtman Capital Partners IV, L.P. (“**LLCP IV**”) and its parallel investment vehicle³ (collectively, “**LLCP IV Funds**”)
- Levine Leichtman Capital Partners V, L.P. (“**LLCP V**”) and its parallel investment vehicles⁴ (collectively, “**LLCP V Funds**”)
- Levine Leichtman Capital Partners SBIC Fund, L.P. (“**SBIC Fund**”)
- Levine Leichtman Capital Partners California Growth Fund, L.P. (“**CA Growth Fund**”)
- Levine Leichtman Capital Partners Europe, L.P. (“**Europe Fund**”)

Private Capital Solutions Funds:

¹ Solely for purposes of this Brochure, references to a “Fund” or “Funds” shall include any client of LLCP or its affiliated investment advisers, including, where context requires, a managed account.

² LLCP III’s parallel investment vehicle is Levine Leichtman Capital Partners III-Amicus Fund, L.P.

³ LLCP IV’s parallel investment vehicle is Levine Leichtman Capital Partners IV-Amicus Fund, L.P.

⁴ LLCP V’s parallel investment vehicle are Levine Leichtman Capital Partners V-Amicus Fund, L.P. and Levine Leichtman Capital Partners V International Fund, L.P.

- Levine Leichtman Capital Partners Deep Value Fund, L.P. (“**LLCP Deep Value**”) and its parallel investment vehicle⁵ (collectively, “**LLCP Deep Value Funds**”)
- Levine Leichtman Capital Partners Private Capital Solutions, L.P. (formerly known as Levine Leichtman Capital Partners Deep Value Fund II, L.P.) and its parallel investment vehicle⁶ (collectively, “**LLCP PCS Funds**”)

Co-Invest Funds:

- LLCP Co-Investment Fund, L.P. (“**Co-Invest Fund**”)

Managed Accounts:

- LLCP-A Investment Partnership, L.P. and its related entities

The following registered investment advisers are affiliated with LLCP:

Structured Equity Fund Advisers:

- LLCP California Equity Partners II, L.P.
- LLCP Partners III, LLC
- LLCP Partners IV GP, LLC
- LLCP Partners V GP, LLC
- LLCP SBIC Manager, LLC and LLCP SBIC GP, LLC
- LLCP California Growth GP, LLC
- LLCP Europe USA GP, LLC and LLCP Europe GP, L.P.

Private Capital Solutions Fund Advisers

- LLCP Deep Value GP, LLC
- LLCP PCS GP, LLC

Co-Invest Fund Adviser

- LLCP Co-Investment Manager LLC and LLCP Co-Investment GP, L.P.

⁵ LLCP Deep Value’s parallel investment vehicle is Levine Leichtman Capital Partners Deep Value Amicus Fund, L.P.

⁶ LLCP PCS’s parallel investment vehicle is Private Capital Solutions Parallel Fund, L.L.C.

Managed Account Advisers

- LLCP-A GP, LLC, LLCP-A Cayman GP, LLC and LLCP-A Alt Managing Member, LLC

Other Related Advisers

- LLCP Advisors, LLC

Except where specified, references to an “**Adviser**” in this Brochure refer to any of the registered investment advisers described above, and references to the “**Firm**” collectively refer to all Advisers, together with LLCP, and their affiliated entities.

Each Adviser is registered under the Advisers Act pursuant to LLCP’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each of the Advisers, which operate as a single advisory business together with LLCP.

The Funds are private equity funds and principally invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” The Firm’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of LLCP or its affiliates may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Firm’s advisory services for the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements and limited partnership or other operating agreements (each a “**partnership agreement**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other or other agreed-upon circumstances pursuant to the relevant partnership agreement. The Funds or their respective general partners have entered into side letters or other similar agreements with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant partnership agreement with respect to such investors.

The Firm also serves as the investment manager to the Co-Invest Fund, which are structured to facilitate investments by affiliated and third party co-investors alongside certain of the Funds. To the extent that a particular investment opportunity exceeds the desired allocation to a Fund in view of provisions in the applicable Fund’s governing documents, investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits, risk and other relevant considerations, the Advisers may offer up to 50% of the

excess allocation to existing limited partners in the Fund taking the investment opportunity, and the remaining amount to the Co-Invest Fund and other persons or firms who have a relationship with LLC. The Advisers may also organize one or more co-investment funds to invest in the Funds or to co-invest alongside the Funds to facilitate personal investments by such persons or firms and by partners, officers and employees and their related parties and associates of the Advisers or of control entities, including the Co-Invest Fund. Such co-investment funds typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the Fund making the investment, although the Fund making the investment may on occasion sell a portion of its investment to the co-investment fund on the same terms as it received. The Advisers and their affiliates generally charge a management fee to or receive carried interest from such co-investment funds.

As of December 31, 2014, the Firm managed \$3,752,800,474 in client assets on a discretionary basis. LLC is controlled by Arthur E. Levine and Lauren B. Leichtman.

FEES AND COMPENSATION

In general, the Firm receives management fees and carried interest in connection with advisory services. LLC or other Firm entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to the Firm. Investors in the Funds also bear certain fund expenses. The specifics of each fee arrangement are negotiated for each Fund and are fully described in the limited partnership agreement related to the specific Fund.

Management Fees

Each of the Funds (other than the Europe Fund) pays LLC, on a semi-annual basis or quarterly in advance, depending upon the Fund, a management fee (the “**Management Fee**”) of up to 2.0% on an annual basis of aggregate Fund investor capital commitments plus, in the case of the SBIC Fund, the maximum permitted leverage under the SBA funding program (subject to any waiver of fees for affiliated partners set forth in the applicable partnership agreement) (“**Commitments**”). After the active investment period expires (or upon the occurrence of certain other events set forth in such Fund’s partnership agreement), a Fund’s Management Fee is typically reduced to an amount of up to 1.875% of funded Commitments in respect of investments that have not been disposed of or written off (or, in the case of the SBIC Fund, a percentage of the excess of the cost of loans and investments that remain as ongoing concerns over the capital contributions used to make such loans and investments). Although the Europe Fund is not charged a Management Fee on Commitments or invested capital, unlike the other Funds, the Europe Fund will bear management costs through reimbursement out of its profits any allocated overhead expenses that LLC or its general partner incurred (including salaries, rent, and other expenses incurred in maintaining LLC’s place of business), as further detailed in such Fund’s Partnership Agreement.

Other Management Fee Information

Installments of the applicable management fee for any Fund for any period other than a full semi-annual or quarterly period, as applicable, are adjusted on a pro rata basis based on the actual number of days during the period.

The portfolio companies in which a Fund invests may pay directors' fees, transaction fees, investment banking fees, advisory fees, monitoring fees, break-up fees and other similar fees ("**Transaction and Monitoring Fees**") to the Firm or any of its officers or employees. As required under the Fund's governing documents, any such Transaction and Monitoring Fees received by the Firm's employees are required to be immediately remitted to the Firm. The Management Fee of the Funds will be reduced by an amount ranging from 50% to 100% of the Transaction and Monitoring Fees, net of unreimbursed expenses in connection with consummated and unconsummated investments, as specified in the governing documents of the Fund. To the extent that such a reduction would reduce the Management Fee for a given period below zero, the credit will be carried forward for future application against payable Management Fees and if a credit remains upon liquidation, if specified in a Fund's partnership agreement, such credit will be apportioned to limited partners choosing to receive such amounts.

Carried Interest

Each Fund general partner will receive a carried interest with respect to the relevant Fund of up to 20% of all realized profits, subject to the preferred return specified in the relevant partnership agreement. The carried interest distributed to a Fund's general partner is subject to a potential giveback if the conditions set forth in the relevant partnership agreement are met.

It is expected that any future Funds will have a similar fee structure.

Other Information

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable partnership agreement of the Funds, over the term of the relevant Fund and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Firm may receive a portion of the Management Fee, carried interest or other compensation received by the Firm or its affiliates.

In addition to the Management Fee and carried interest, each Fund bears certain expenses. As set forth in the applicable governing document, each Fund will pay the costs, expenses and liabilities associated with its organization and operations, including, without limitation (i) organizational and offering expenses (other than any excess organizational expenses (as specified in the applicable governing document) to be paid by LLCP or its affiliates); (ii) the fees and expenses relating to consummated portfolio company investments, unconsummated investments, indebtedness or guarantees (including interest) and temporary investments, including the evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not reimbursed by a portfolio company or other third person; (iii) to the extent permitted, premiums for insurance protecting the Fund and any covered persons

from liabilities in connection with Fund affairs and any indemnification obligations; (iv) legal, custodial and accounting expenses, including expenses associated with the preparation of the Fund's financial statements, tax returns and Schedule K-1s and the representation of the Fund or its partners by the tax matters partner, including expenses paid or incurred in connection therewith; (v) auditing, accounting, banking and consulting expenses; (vi) appraisal expenses; (vii) expenses related to organizing persons through or in which portfolio company investments may be made; (viii) reasonable expenses of the Fund's advisory committee (if any); (ix) reasonable expenses of the Fund's investment committee (excluding the SBIC Fund and the Europe Fund); (x) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; (xi) except as otherwise specified in the limited partnership agreement, taxes and other governmental charges, fees and duties payable by the Fund; (xii) damages; (xiii) costs of reporting to the partners and of any annual meeting; and (xiv) costs of winding up and liquidating the Fund. The Funds may also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of LLC and/or its affiliates. Each Fund other than the Europe Fund (which does not charge a Management Fee) will not, however, bear the costs and expenses of LLC or the Fund's general partner in connection with their normal operating overhead (such as salaries, rent and other expenses incurred in maintaining LLC's place of business). As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

In certain cases, multiple Funds and other investment vehicles may benefit from expenses incurred by an Adviser or Fund. Such expenses will be allocated among such Funds and other investment vehicles consistent with the governing documents of such Funds and investment vehicles. In the event that the governing documents do not outline a procedure for allocation of a particular expense, the relevant Adviser will determine the allocation of such expense in a fair and equitable manner. Generally speaking, such expenses will be allocated pro rata among investment vehicles participating or proposing to participate in the related transaction. Where necessary or appropriate, the applicable Adviser will consult the relevant limited partner committee to approve any conflict caused by the proposed allocation of expenses.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," the Firm receives carried interest allocations on certain realized profits in each of the Funds. LLC does not advise currently advise Funds not subject to a carried interest, although it waives carried interest with respect to certain affiliated partners.

TYPES OF CLIENTS

LLC provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds may include individuals, banks or thrift institutions, other

investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of LLCP and its affiliates and members of their families or other service providers retained by an Adviser.

Certain of the Funds generally have a minimum investment amount for third-party investors that is specified in the applicable partnership agreement. Such minimum investment amount may be waived by the applicable general partner. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, and either (i) “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended or (ii) “qualified clients” as that term is defined under Rule 205-3 of the Investment Advisers Act of 1940, as amended.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The significant investment strategies and investment process utilized by the Firm on behalf of each Fund are set forth below. The investment period for the LLCP II Fund, LLCP III Funds, LLCP IV Funds, CA Growth Fund and Deep Value Funds is complete, and such Funds have ceased making new platform investments, though the LLCP IV Funds and the CA Growth Fund may make add-on and/or follow-on investments intended to support and/or maximize value with respect to existing investments. Descriptions of the Firm’s activities with respect to such Funds should be read to refer to the applicable Adviser’s activities undertaken during the active investment period for such Fund, or, to the extent applicable, with respect to follow-on investments.

Investments in the Funds are not guaranteed. The instruments in which the Funds invest may lose value. An investment in a Fund involves a risk of loss that an investor in such Fund should be prepared to bear.

Unless otherwise specified, references to “Fund” in the remainder of this item do not include the Deep Value Funds, which are in the process of being wound down.

Investment and Operating Strategy

The principal components of the Firm’s investment strategy with respect to the Funds include:

Focus on Small and/or Middle-Market Companies

- the LLCP II Fund, LLCP III Funds, LLCP IV Funds and LLCP V Funds (collectively, the “**Structured Equity Series Funds**”) primarily target investments in entrepreneurially-led middle-market companies (as specified in the applicable

governing documents) primarily located in the United States, a rapidly growing market place where the Firm has an established presence.

- The SBIC Fund targets investments in entrepreneurially-led small to middle market companies in the United States, a rapidly growing market place where the Firm has an established presence. The SBIC Fund defines its target market as businesses with revenues of less than \$50 million at the time of investment and otherwise satisfy the Small Business Administration (SBA) regulations governing Small Business Investment Company (SBIC) investments.
- The CA Growth Fund makes investments in entrepreneurially led companies in California with annual revenues of less than \$50 million. In addition, the CA Growth Fund also invested in one collateral warehousing subsidiary that directly holds and invests primarily in debt and equity securities and other loan or debt obligations or participations therein of third parties (“**CLO Investments**”).
- The Europe Fund targets investments in entrepreneurially-led middle-market companies primarily located in Europe, with revenues of approximately €10 million to €250 million.
- The Private Capital Solutions Funds target investments in value oriented slower growth companies in the lower end of the U.S. middle market.
- The Deep Value Funds targeted investments in distressed debt securities in the lower end of the U.S. middle market.

Investment in Entrepreneurially Led, Established and Growing Small and/or Middle-Market Companies

Each Fund targets structured equity investments with experienced entrepreneurs who have meaningful equity ownership in their companies. The Funds typically make investments with entrepreneurs who are interested in maintaining, or increasing, their equity ownership in their businesses or who are looking for a renewed opportunity to deleverage and create equity value with an experienced middle-market private equity sponsor. LLCP considers a strong, experienced and entrepreneurial management team to be an important factor for a successful investment. LLCP seeks entrepreneurs who LLCP considers high-quality, with a vision and passion for their businesses and structures its investments such that operating management teams retain significant equity interests in their companies.

Utilize a Structured Investment Approach

Many entrepreneurs want to maintain, or increase their, equity ownership in their businesses, but still require significant investment capital for their ongoing business needs. LLCP has developed a tailored, highly flexible structured investment approach to meet the investment needs of these entrepreneurs. This approach involves investing at low leverage multiples (usually less than 4.0x debt to EBITDA) using a combination of securities such as

senior and subordinated notes, preferred stock, and common stock. This provides the applicable Fund with current income, structural protection and meaningful capital appreciation. Entrepreneurs who are seeking less dilutive forms of capital than traditional buyout equity find this approach attractive. They can retain, or increase, their equity ownership in their companies while partnering with LLCP as their financial sponsor. LLCP attempts to structure Fund investments to align the interests of the applicable Fund and operating management through (i) understanding and supporting management's overall strategic vision and objectives and (ii) ensuring that management shares meaningfully in the future equity value of the company.

Provide Value-Added Expertise

LLCP is involved with each Fund portfolio company from the initial investment through full realization of the Fund's invested capital. The Firm seeks to add value during the investment period by offering management teams sophisticated financial and strategic advice, while respecting their operating autonomy. During the due diligence process, LLCP identifies and defines key success factors that drive the performance of each of a Fund's portfolio companies. In the post-investment period, LLCP actively monitors these key success factors, which allows for the early detection and addressing of problems. LLCP receives regular reports containing operating and financial metrics and meets monthly with senior management of its portfolio companies, in an operating committee environment, to discuss the respective companies' strategic, financial and operating performance. LLCP assists senior management of portfolio companies in the following areas: (i) strategic direction and planning, (ii) introductions to acquisition opportunities and new business contacts, (iii) follow-on growth and acquisition capital, (iv) capital market strategies and execution and (v) optimization of working capital.

(For the SBIC Fund only) Utilize SBA Leverage to Enhance Investment Returns

The SBIC Fund expects to enhance its investment returns by obtaining inexpensive and flexible leverage under the SBA program. The SBA leverage is low-cost, 10-year interest only debentures.

Types of Investments

The Funds invest in portfolio companies which require financing for one of the following purposes: (i) growth and expansion; (ii) acquisitions; (iii) management-led corporate divestitures and (iv) recapitalizations. The Co-Invest Fund, when making an investment, will co-invest *pari passu* with the applicable Fund.

Growth and Expansion Financings. Established companies need access to capital to take advantage of market opportunities, during all economic cycles. Many companies experience rapid growth and require significant capital to accomplish their objectives. Historically, entrepreneurs of established companies have turned to (i) banks, commercial lenders and finance companies, (ii) the high yield debt and public equity markets, (iii) hedge funds and (iv) privately placed debt and equity to meet their capital requirements. These traditional capital sources remain reluctant to provide capital to middle-market companies since the credit crisis of 2008. LLCP has substantial experience in providing companies with growth and expansion capital. By

providing long-term capital structures that are less dilutive than common equity, LLCP is able to address the primary concerns of companies and their entrepreneurial management teams.

Acquisition and Merger Financings. LLCP has significant experience partnering with entrepreneurs and helping them build their businesses through mergers and acquisitions. LLCP works with operating management teams to develop the business plans for the combined companies' post-investment activities and provide advice and capital to complete their growth plans. In order to facilitate an acquisition, a Structured Equity Fund often provides investment capital and assists a portfolio company in negotiating the credit facilities necessary to complete the transaction.

Management-led Corporate Divestitures. LLCP has invested with entrepreneurial management teams in connection with the divestiture of non-core subsidiaries of larger companies. The complementary operating and financial experience of LLCP's investment professionals has allowed the Firm to target these opportunities.

Recapitalizations. LLCP's reputation as a partner to entrepreneurs and management teams often provides the Firm with investment opportunities that involve debt and equity recapitalizations. Fund capital is often used to recapitalize the debt and/or equity portion of a company's balance sheet in businesses that have more stable and consistent revenues but are in need of deleveraging or an equity restructuring. In these situations, the company may be facing senior loan covenant defaults or short term liquidity issues, or an existing private equity investor desiring to sell down its equity interest in the company.

Investment Process

LLCP seeks to achieve consistent discipline to make thorough, informed decisions throughout all phases of the investment process including transaction screening, analysis, structuring, monitoring and exiting.

Screening Investments. LLCP has developed specific, detailed criteria that are used to screen potential investment opportunities for each Fund. Each Fund's general partner will ensure that an investment meets a majority of these initial requirements prior to committing time or capital to pursue an opportunity:

- Middle-market companies;
- Experienced management team with meaningful equity ownership;
- Market-leading industry position;
- Predictable revenues that are uncorrelated to cyclical end markets or GDP of the underlying market;
- Strong consistent cash flow;

- Pro-forma capitalization adequate to meet fixed obligations and growth requirements;
- A diversified customer base;
- The ability to withstand cyclical downturns;
- High equity growth potential for the Structured Equity Funds; and
- Stable and consistent revenue for the Private Capital Solutions Funds.

Analyzing Investments. Before making an investment, LLCP conducts due diligence investigation focused on seeking to understand key success factors and major risks associated with an investment opportunity such as:

- Analysis of management including on-site interviews, management and corporate questionnaires and background checks;
- Reference checks of board members, customers, suppliers and service providers;
- Key success factors analysis including developing operating metrics to measure performance;
- Due diligence of financial statements, conditions and prospects, including analysis and review of historical revenues, margins and earnings, working capital, capital spending requirements, projections and related sensitivities and accounting working papers;
- Industry segmentation analysis including competition, positioning, trends and opportunities and, if necessary, consultation with industry experts or operating executives with relevant expertise; and
- Legal due diligence including corporate formalities, contract review, litigation, employment matters, insurance and environmental reviews.

Structuring Investments. Each Fund makes structured equity investments through a combination of senior and subordinated notes, preferred stock and common stock. These structured equity investments are typically secured, and in large part, are senior in right of payment to the equity owned by the company's management team. LLCP structures each investment in order to minimize equity dilution to the entrepreneur and properly match the company's pro-forma capitalization to its business plan. Each Fund seeks to invest at low leverage multiples.

Investment Approval Process and Purchase of Investment. The Firm's investment professionals present their written analytical findings in the form of an investment memorandum to the Firm's investment committee. The investment committee approves all investments and dispositions of any Fund's investments. The Investment Committee holds discussions regarding

the potential investments and may request additional information from the Firm's investment professionals concerning specific topics that require follow-up information.

Monitoring Investments. LLCP is involved with each Fund's portfolio companies from the initial investment through full realization of its invested capital. LLCP seeks to add value during the investment period by offering management teams sophisticated financial and strategic advice while respecting their operating autonomy. LLCP monitors key success factors of its investments on a regular basis and meets with senior management of its portfolio companies, in an operating committee environment, to discuss the respective companies' strategic, financial and operating performance. LLCP has assisted senior management of portfolio companies in the following areas: (i) strategic direction and planning; (ii) introduction to acquisition opportunities and new business contacts; (iii) follow-on growth and acquisition capital; (iv) capital market strategies and execution; and (v) optimization of working capital.

Exiting Investments. LLCP intends to exit portfolio company investments through public and private sales of securities, private company sales and refinancings. LLCP endeavors to maximize value in these capital markets transactions due to: (i) the expertise of its investment professionals, (ii) its detailed knowledge of management and the portfolio companies obtained through active post-investment monitoring and (iii) its extensive investment banking and sell side broker networks. Each Fund's structured equity investments typically contain fixed maturity dates for its invested capital and equity rights that permit a timely exit including public registration, put and co-sale rights. Typically, a Fund exits an investment within five years from the date of its initial investment.

Risks of Investment

Each Fund and its respective investors bear the risk of loss that LLCP's investment strategy for such Fund entails. The risks involved with LLCP's investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. The Fund's investment portfolio will consist primarily of securities issued by non-public companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk which can result in substantial losses.

Future and Past Performance. The performance of LLCP's prior investments is not necessarily indicative of the Fund's future results. While LLCP intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Debt Investments. The Funds may invest in debt, debt-related, and other securities of companies. These securities may be unsecured, subordinated to senior indebtedness, or unprotected by covenants or limitations on additional indebtedness.

Debt securities are subject to both credit and interest rate risks. If an issuer is unable to make principal and interest payments on its indebtedness, a Fund may suffer a partial or total loss of capital invested in the company. Declines in revenues or increases in expenses may significantly affect the ability of an issuer to pay, and these risks may change over the life of an investment. Interest rates are subject to risks associated with changes in the market. Interest rate changes directly affect the value of adjustable rate securities, and indirectly affect the value of fixed rate securities.

The Funds may invest in convertible debt and equity-related securities to the extent that LLCPP believes such investments offer potential for capital appreciation. There is no minimum credit standard that is a prerequisite to the Funds' investment in any security and the debt securities acquired by the Funds may be non-investment grade.

Portfolio companies could experience adverse business conditions that could result in a default on all or part of their obligations to the Fund. A portfolio company's ability to satisfy its obligations to the Fund could be impacted by market or industry conditions, national or international economic or political factors or other developments beyond the company's control. Defaults could ultimately result in the loss of investment principal.

Investment in Non-Investment Grade Debt. To the extent permitted by the applicable governing documents, Funds may from time to time directly or indirectly invest in non-investment grade loans or interests in non-investment grade loans and high-yield debt securities which are subject to liquidity, market value, interest rate, reinvestment and certain other risks. It is anticipated that such investments generally will be subject to greater risk than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolio of individual investments is concentrated in one or more particular types of obligations. In addition, to the extent a Fund directly or indirectly makes CLO Investments, such investments may have capital structures with significant leverage. Direct and indirect investments in debt instruments may be in companies that also have significant leverage, thus increasing the exposure of the underlying companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of such companies or their industries.

Bank Loans and Participations. To the extent permitted by the applicable governing documents, Funds may from time to time invest in significant amounts of bank loans and participations. These obligations are subject to significant risks, including (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to participations.

Concentration of Investments. The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment,

or within a short period of time. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through the Fund during the investment period and other expenses as set forth in the applicable partnership agreement.

Dynamic Investment Strategy. While each Adviser generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant Adviser may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant Fund governing documents. An Adviser may pursue investments outside of the industries and sectors in which such Adviser has previously made investments or has internal operational experience.

Illiquidity; Lack of Current Distributions. An investment in the Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded Commitments.

Leveraged Investments. The Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the

Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of the Fund will be vested with its general partner, and the Fund's future profitability will depend largely upon the business and investment acumen of LLC. The loss or reduction of service of one or more of LLC's management could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, LLC currently, and may in the future, manage other investment funds besides the Fund and may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of LLC management. Limited Partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend on the actions of its general partner. In addition, certain changes in the general partner or circumstances relating to the general partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

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

Projections. Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Conflicting Investor Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the Fund's general partner regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the general partner generally will consider the investment and tax objectives of the Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the applicable partnership agreement, including the value used to determine the amount of carried interest available to such Fund's Adviser with respect to such investment.

Non-U.S. Investments. The Fund may invest in companies that are organized and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risk due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of the Fund) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners.

Public Company Holdings. The Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including LLC's principals, and increased costs associated with each of the aforementioned risks.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other

sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that LLCPP believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. The recent deterioration of the global credit markets has made it more difficult for investment funds such as the Fund to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments.

Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Fund to realize its investments at favorable times or for favorable prices.

Additional Investment Considerations Relating to the SBIC Fund Only

Availability of SBA Leverage. There is no assurance that any or all of the desired amount of SBA leverage will be available to the SBIC Fund at the times desired. The amount of SBA leverage potentially available to the SBIC Fund depends on a variety of factors, including the demand for leverage from other funds with SBIC licenses and the amount of leverage annually appropriated by Congress.

Potential Negative Effect of SBA Leverage; Subordination. The SBIC Fund's internal rate of return will be negatively effected by the SBIC Fund's use of SBA leverage if the SBIC Fund does not generate investment returns that exceed the costs associated with obtaining the SBA leverage. Capital contributed to the SBIC Fund by a limited partner will be subordinated to any capital contributed to the SBIC Fund by the SBA.

SBA Restrictions. If the SBIC Fund is licensed by the SBA, it will be subject to SBA regulations that contain substantial restrictions on the operations of the SBIC Fund, including: (i) limits on the size of portfolio companies in which the SBIC Fund may invest; (ii) a requirement that the SBIC Fund only make investments in U.S. companies; (iii) a requirement that the SBIC Fund take non control positions in portfolio companies (except in specific circumstances); (iv) restrictions on uses of proceeds by portfolio companies; (v) periodic reporting to the SBA (upon completion of each portfolio investment and annually); (vi) limitations on the form, term and characteristics of portfolio investments; and (vii) formula based restrictions on distributions by the SBIC Fund to its private investors during any period in which the SBIC Fund has outstanding leverage. If the SBIC Fund violates SBA regulations, the SBA would likely impose certain additional restrictions on the operations of the SBIC Fund, and in certain severe cases, the SBA could be entitled to appoint a receiver for the SBIC Fund or to require the removal of the SBIC Fund's general partner.

Additional Investment Considerations Relating to Co-Investment Vehicles Only

Uncertain Investment Activity. While LLCP intends for the Co-Invest Fund or other co-investment vehicle to participate in future investments made by a Structured Equity Fund or Private Capital Solutions Fund in circumstances where a portion of any such investment remains available after such other Fund has taken the portion of such investment that its general partner has determined to be prudent, there can be no assurance of the frequency or timing of such circumstances or the amount of the investments, if any, that will be available to such Co-Invest Fund. Because the Co-Invest Fund does not have a right to participate in any particular transaction or transactions, there can be no assurances that the Co-Invest Fund will be allocated a percentage of any or all of the investments made by any Structured Equity Fund or Private Capital Solutions Fund. Additionally, it is possible that the Fund will only participate in larger investment opportunities of a Structured Equity Fund or Private Capital Solutions Fund.

Investment Decisions. The Co-Invest Fund and any other co-investment vehicle will not be managed in the same manner as a traditional private equity fund given that LLCPP will not be seeking investment opportunities solely for such vehicle and such vehicle does not have a right to participate in any particular investment of a Structured Equity Fund or Private Capital Solutions Fund. Typical investment related decisions and determinations, such as investment diversity limitations, are likely to be viewed differently given the purpose of co-investment vehicles. When making such decisions and determinations the general partner of a co-investment vehicle likely will emphasize factors in a different manner and consider different factors, in each case as compared to such decisions and determinations relating to a traditional private equity fund.

Additional Investment Considerations Relating to the Deep Value Funds Only

Debt Investments in Distressed Companies. The Deep Value Funds may invest in debt, debt-related, and other securities of companies (including equity-related securities) that are in stressed, distressed, or other special situations, including debt obligations that are in default and companies involved in bankruptcy, reorganization or liquidation proceedings. These securities may be unsecured, subordinated to senior indebtedness, or unprotected by covenants or limitations on additional indebtedness. Such investments involve a generally higher degree of risk than the risk of investing in companies that are not in distress. Although distressed securities may result in correspondingly high returns for the Deep Value Funds, because of the substantial degree of risk, the Deep Value Funds may not be successful in achieving its objectives.

Debt securities are subject to both credit and interest rate risks. If an issuer is unable to make principal and interest payments on its indebtedness, a Fund may suffer a partial or total loss of capital invested in the company. Declines in revenues or increases in expenses may significantly affect the ability of an issuer to pay, and these risks may change over the life of an investment. Interest rates are subject to risks associated with changes in the market. Interest rate changes directly affect the value of adjustable rate securities, and indirectly affect the value of fixed rate securities.

The Deep Value Funds may invest in convertible debt and equity-related securities to the extent that LLCPP believes such investments offer potential for capital appreciation. There is no minimum credit standard that is a prerequisite to the Deep Value Funds' investment in any security and the debt securities acquired by the Funds may be non-investment grade.

Bankruptcy Issues. The Deep Value Funds may invest in portfolio companies that experience financial difficulties or are insolvent or involved in bankruptcy proceedings. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of the Deep Value Funds. Investing in companies involved in bankruptcy proceedings carries a number of significant risks. First, many events in a bankruptcy are the product of contested matters and adversarial proceedings which are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, a bankruptcy court may approve actions contrary to the interests of the Deep Value Funds.

Second, a bankruptcy filing may have adverse and permanent effects on the company, including loss of market position and key employees. Further, if the proceeding is converted to a liquidation, the liquidation value of the company may be less than the liquidation value estimated at the time of the investment or the values indicated in the Deep Value Funds' financial statements. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely impacted by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until the plan ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high and are paid out of the debtor's estate prior to any return to creditors. Fifth, especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor in a way that harms other creditors and a court may require the Deep Value Funds to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy (a risk that could increase if the Deep Value Funds have management rights in such portfolio company). Sixth, certain claims, such as claims for taxes, may have priority by law over the claims of certain creditors.

The Deep Value Funds may seek representation on creditors' committees formed to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. As a member of a creditors' committee, a Deep Value Fund may owe certain obligations generally to all creditors similarly situated that the committee represents and it may be subject to various trading or confidentiality restrictions. If the general partner concludes that a Deep Value Fund's membership on a creditors' committee entails obligations or restrictions that conflict with the duties it owes to such Fund's investors, or that otherwise outweigh the advantages of such membership, the Deep Value Funds will not seek membership in, or will resign from, that committee. Because a Fund will indemnify the general partner, the Firm, other persons serving on a committee on behalf of such Fund and certain other persons for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on a Fund's investment in a reorganized company.

Limited Due Diligence. Pursuant to its investment strategy, the Deep Value Funds may acquire stakes in target companies without direct discussions with the management of such companies. Therefore, the due diligence information on which the Deep Value Funds rely may be difficult to obtain, limited in scope or inaccurate.

Conflicts of Interest

LLCP and its related entities engage in a broad range of advisory and non-advisory activities. In the ordinary course of an Adviser conducting its activities, the interests of a Fund may conflict with the interests of such Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by its Advisers, subject to certain limited exceptions. Without limitation, the Firm's principals currently, and may in the future, manage several other investments similar to those in

which any given Fund will be investing, and may direct certain relevant investment opportunities to those investments. The Firm's principals and investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Firm may control or manage may potentially compete with companies acquired by any particular Fund. Following the commitment period of a Fund, the Firm's principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

Conflicts of interest may arise when the financial or other benefits available to the Firm differ according to the Fund being advised. As a general rule, investment opportunities are presented first to the particular Fund for which the opportunity is most in line with its stated investment objectives. The investment criteria for each Fund that is still making new platform investments are different enough such that any potential conflict between Funds is mitigated. Nonetheless, from time to time, an Adviser will be presented with investment opportunities that would be suitable not only for a particular Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of such Adviser. In determining which investment vehicles should participate in such investment opportunities, such Adviser and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Firm attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Firm's various Advisers to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds and any other investment vehicles in a fair and equitable manner. Where necessary, a Fund's general partner consults and receives consent to conflicts from an advisory committee consisting of limited partners of the applicable Fund.

Investments by more than one client of the Advisers in a portfolio company may also raise the risk of using assets of a client of the Advisers to support positions taken by other clients of the Advisers. When and to the extent that employees and related persons of the Advisers and their affiliates make capital investments in or alongside certain Funds, such Advisers and their affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from 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.

One of the Firm's Advisers (LLCP Advisors LLC) selects the underlying debt instruments that are subject to a total return swap issued by a counterparty to the Private Capital Solutions Funds and also manages a proprietary account that may purchase such debt instruments subject to certain established investment criteria. Accordingly, these transactions may present a conflict of interest, as an allocation to the proprietary account will generally impact the total return swap by reducing the ultimate exposure to such security included in the total return swap. In order to mitigate this conflict, the Firm has adopted policies and procedures relating to such allocations.

Because an Adviser's carried interest is based on a percentage of net realized profits, it may create an incentive for such Adviser to cause a Fund to make riskier or more speculative investments than would otherwise be the case. In addition, as described under "Fees and

Compensation” above, the Advisers to certain Funds are entitled to retain a portion of the Transaction and Monitoring Fees associated with such Fund’s portfolio investments. As a result, the Advisers in such Funds could have a conflict of interest to the extent that they have the power to approve transactions resulting in Transaction and Monitoring Fees and set the size of such fees.

The Funds may invest in portfolio companies that have competing business interests. Further, certain portfolio companies or subsidiaries in which a Fund invests may be actively engaged in the business of investing in securities (collectively, the “**Underlying Vehicles**”). Accordingly, the Firm may have conflicts of interests in allocating potential securities investments among the Underlying Vehicles.

As a result of the Funds’ interests in portfolio companies, the Advisers and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members may approve compensation, monitoring fees and/or other amounts payable to an Adviser and/or its affiliates.

Additionally, a portfolio company typically will reimburse its Adviser or service providers retained at such Adviser’s discretion for expenses (including without limitation travel expenses) incurred by such Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund’s audited financial statements, and any fee paid or expense reimbursed to an Adviser or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

An Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) an Adviser or a related person of an Adviser (which may include a portfolio company of such Fund) or (ii) an entity with which an Adviser or its affiliates or current or former members of their personnel has a relationship or from which such Adviser or its affiliates or their personnel otherwise derives financial or other benefit. This subjects such Adviser to conflicts of interest, because although such Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, such Adviser may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that an 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. Whether or not an Adviser has a relationship or receives financial

or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

An Adviser and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by such Adviser and/or its affiliates. Additionally, LLC, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, an Adviser and/or its affiliates, and/or the Funds or other investment vehicles they advise. An Adviser may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide such Adviser information about markets and industries in which such Adviser operates (or is contemplating operations) or will provide other services that are beneficial to such Adviser. An Adviser may have a conflict of interest in making such recommendations, in that such Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

An Adviser, its affiliates, and equityholders, officers, principals and employees of such Adviser and its affiliates may buy or sell securities or other instruments that such Adviser has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

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

In addition, portfolio companies typically pay certain fees to third party consultants (including consultants introduced or arranged by an Adviser and/or its affiliates that may regularly provide services to one or more Fund portfolio companies), and such fees will not offset the Management Fee as described herein.

Because an Adviser's carried interest is based on a percentage of net realized profits, it may create an incentive for such Adviser to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so. Since certain Advisers are permitted to retain a portion

of Transaction and Monitoring Fees (as described under “Fees and Compensation”) in connection with certain Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation.

An Adviser may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

The unaffiliated investors of a Fund are expected to include persons or entities organized in various jurisdictions, which may have conflicting investment, tax and other interests in respect of their investments in the Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of portfolio investments, the purchase by the Fund of assets from a portfolio company where certain investors did not participate in the portfolio investment in such portfolio company, and the timing of disposition of investments. Such structuring of portfolio investments and other factors may result in different returns being realized by different investors in the same Fund. As a consequence, conflicts of interest may arise in connection with decisions made by LLC, including in respect of the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially in respect of investors’ individual tax situations.

The Firm reserves the right, to the extent permitted under the applicable Fund’s partnership agreement, to engage in principal and agency cross transactions. Principal transactions generally include transactions in which an investment adviser directly, or through an affiliate, is acting as principal for its own account and buys securities from, or sells them to, an advisory client. Agency cross transactions generally involve sales between clients and/or certain subsidiaries of clients. Principal and agency cross transactions are restricted under the terms of certain Fund agreements, and in all cases the Firm will disclose to the limited partners or advisory board of the affected Fund of such transaction and obtain their consent to enter into the transaction as required.

Any of these situations subjects the Advisers and/or their affiliates to potential conflicts of interest. Each Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by such Adviser’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

DISCIPLINARY INFORMATION

LLCP and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

LLCP is affiliated with the other Advisers of the Firm, which are investment advisers registered with the SEC under the Advisers Act pursuant to LLCP's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with LLCP and serve as managers or general partners of private investment funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

LLCP is also affiliated with LLCP Europe, LLP, a limited liability partnership incorporated under the laws of England, and Levine Leichtman Capital Partners, BV, a private limited company under Dutch law (each, an **"Unregistered Adviser"**). Personnel of the Unregistered Advisers provide advice to the Firm's registered investment adviser entities on behalf of its clients. None of the Unregistered Advisers are required to be registered under the Advisers Act, but each operates in compliance with certain related requirements and undertakings as prescribed by the SEC.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Firm has adopted the Levine Leichtman Capital Partners, Inc. Code of Ethics and Securities Trading Policy and Procedures (the **"Code"**), which sets forth standards of conduct that are expected of the Firm's principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Firm personnel to report their personal securities transactions, prohibits or requires pre-clearance for Firm personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Firm personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Firm's Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to the Firm's Chief Compliance Officer, at 310-275-5335. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

LLCP and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, LLCP and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of LLCP.

Accordingly, should LLCP or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, LLCP generally would be prohibited from communicating such information to clients, and LLCP will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Firm personnel serving as directors of public companies and may restrict trading on behalf of clients, including any of the Funds.

Principals and employees of LLCP and its affiliates may directly or indirectly own an interest in any of the Funds. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as any of the Funds. Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, a Fund may invest together with other Funds advised by LLCP or an affiliated adviser of LLCP in the manner set forth in the applicable partnership agreement and the Firm's allocation policy. The Advisers will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to the Firm's clients consistent with the Firm's obligations to such clients. The Advisers will typically offer investment opportunities to particular Funds in accordance with their stated investment objectives, and to the extent, such Fund does not fully subscribe to the opportunity, will offer the opportunity to other Funds, third party investors and other persons. The Advisers will typically first offer up to 50% of any excess amount to existing limited partners of the Fund first offered the opportunity, taking into consideration factors such as conflict provisions in the governing Fund documents, investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk. The remainder will then be allocated to other Funds, Firm clients or other parties with a relationship with a firm, taking into account the same factors.

Although principals, employees and officers of LLCP and its affiliates may buy and sell securities for their own account or the account of others, designated senior personnel may not, without the written consent of the applicable Fund's advisory committee, buy securities from or sell securities to the Funds, nor may they hold any securities held by the Funds except as set forth in the applicable governing document.

As discussed in "Fees and Compensation," a Fund's general partner or their respective employees may receive Transaction and Monitoring Fees in connection with the making of a portfolio company investment and may retain a portion of those fees. As a result, the Firm and/or its employees may be considered to have a material financial interest in the consummation of the portfolio company investment.

In accordance with LLCP's conflict of interest policies and procedures, certain proprietary accounts managed by LLCP Advisors LLC may own interests in various debt instruments that are subject to a total return swap issued to Private Capital Solutions Funds.

LLCP and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, such Fund even though their investment objectives may be the same or similar, subject in each case to any limitations imposed by the operative documents and investment programs of the Funds and such other accounts or persons.

BROKERAGE PRACTICES

The Firm focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Fund Advisers may also distribute securities to investors in such Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Firm does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

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

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

Consistent with the Adviser of a Fund seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them or a designated third party, as well as for services rendered in the execution of orders by such broker or dealer, although the Firm generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of the Firm’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Firm (and may benefit the Firm, as it may not have to pay for such services out of its own resources), and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. The Advisers will employ no agreement or formula for the allocation of brokerage

business on the basis of research services, or attempt to put a specific dollar value on services rendered.

The Firm may periodically determine which brokers have provided research that has been helpful in the management of Funds. To the extent consistent with the Adviser's goal to obtain best execution for their clients, the Advisers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

Certain brokers may also provide investment banking services to LLC. The provision of such services is not taken into account in allocating client brokerage to such firm.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched"; however, the Advisers generally do not expect to do so. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Firm closely monitors companies in which the Funds invest, and the the Firm's Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners at least (i) annual audited and quarterly unaudited financial statements and (ii) a Schedule K-1.

CLIENT REFERRALS AND OTHER COMPENSATION

LLC and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. This compensation may, in many cases, offset a portion of the Management Fees paid by such Fund, as set forth in the applicable partnership agreement. See "Fees and Compensation."

From time to time, an Adviser may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents may be borne by such Adviser indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

CUSTODY

The Advisers maintains custody of each Fund's assets held in each Fund's name with the following qualified custodians: Citibank, N.A. for all Funds other than the Deep Value Funds, and Union Bank, N.A. and the Bank of Nova Scotia for the Deep Value Funds.

INVESTMENT DISCRETION

The Advisers for a Fund have discretionary authority to manage investments on behalf of such Fund, subject to any limitations set forth in the partnership agreement for such Fund. As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Fund's partnership agreement, however, a Fund's Adviser may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

VOTING CLIENT SECURITIES

The Advisers have adopted the Levine Leichtman Capital Partners, Inc. Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for their respective Fund's portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of their respective Funds, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of their Funds' investors, for example, through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies.

The Advisers may occasionally be subject to material conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. The Firm and/or its employees may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the applicable Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards by Adviser personnel or an Adviser's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of any Fund. If you would like a copy of the Firm's complete Proxy Policy or information regarding how an Adviser voted proxies for particular portfolio companies, please contact the Firm's Chief Compliance Officer, at 310-275-5335, and it will be provided to you at no charge.

FINANCIAL INFORMATION

LLCP's balance sheet is included as Appendix A to this Brochure.

Levine Leichtman Capital Partners, Inc.
Draft Balance Sheet
December 31, 2014

Assets

Current assets

Cash	\$ 372,831
Receivables - other	1,536,035
Total Current Assets	1,908,867

Fixed assets, net

12,468,538

Other assets

Deposit	432,520
Other Assets	141,523
Total Other Assets	574,043

Total Assets **\$ 14,951,448**

Liabilities and stockholder's equity

Current liabilities

Accounts payable and accrued expenses	\$ 294,339
Current portion of notes payable	180,420
	474,759

Long-term liabilities

Long-term portion of notes payable	11,608,475
Total Liabilities	12,083,234

Stockholders' Equity

Capital stock	1,000
Additional paid-in capital	6,092,212
Retained earnings	(3,224,998)
Total Stockholder's Equity	2,868,214

Total Liabilities and Stockholder's Equity **\$ 14,951,448**