

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

**BROCKWAY MORAN & PARTNERS, INC.**

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**March 31, 2015**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Brockway Moran & Partners, Inc. If you have any questions about the contents of this Brochure, please contact us at (561) 750-2000. 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.**

The Management Company 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 the Management Company is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

Brockway Moran & Partners, Inc. filed its most recent Form ADV Part 2A on March 26, 2014. This annual amendment reflects the following material changes:

1. In November 2014, Brockway Moran & Partners Fund III AIV LP, Brockway Moran & Partners Co-Invest Fund III AIV LP, and Brockway Moran & Partners Associate Co-Invest Fund AIV LP disposed of their entire interest in the equity securities of DayMen Group (Luxembourg) S.à r.l., which securities constituted the only assets of such partnerships. Effective March 31, 2015, each of such partnerships, as well as their respective general partners, was struck from the Cayman Islands Partnership Register or Companies Register, as applicable .
2. The term of Brockway Moran & Partners Fund II, L.P. was extended for a period of one year, expiring on December 31, 2015.

In addition, this Brochure updates certain descriptions of business practices of Brockway Moran & Partners, Inc. and its affiliates. Brockway Moran & Partners, Inc. does not believe other changes herein are material.

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## ADVISORY BUSINESS

Brockway Moran & Partners, Inc. (the “**Management Company**”), the registered investment adviser, is a Florida corporation. The Management Company and its affiliated investment advisers provide discretionary investment advisory services to their clients, which consist of investment funds privately offered to qualified investors in the United States and elsewhere. The Management Company commenced operations in January 1998.

The following registered investment advisers are affiliated with the Management Company (each, a “**General Partner**” and together with the Management Company and their affiliated entities “**Brockway Moran**”)

- Brockway Moran & Partners Management II, L.P.
- Brockway Moran & Partners Management III, L.P.

The General Partners listed above each serve as a general partner to one of more of the Funds (defined below) and have the authority to make investment decisions on behalf of such Funds. Each General Partner is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. The Management Company and the General Partners operate as a single investment advisory firm and are under common control.

In November 2014, Brockway Moran & Partners Fund III AIV LP, Brockway Moran & Partners Co-Invest Fund III AIV LP, and Brockway Moran & Partners Associate Co-Invest Fund AIV LP (collectively, the “**DayMen AIV Funds**”) disposed of their entire interest in the equity securities of DayMen Group (Luxembourg) S.à r.l., which securities constituted the only assets of the DayMen AIV Funds. Effective March 31, 2015, each of the DayMen AIV Funds, as well as their respective general partners (Brockway Moran & Partners Management III AIV, in the case of Brockway Moran & Partners Fund III AIV LP and Brockway Moran & Partners Co-Invest Fund III AIV LP; and Brockway Moran & Partners AIV Ltd., in the case of Brockway Moran & Partners Associate Co-Invest Fund AIV LP) was struck from the Cayman Islands Partnership Register or Companies Register, respectively.

The Management Company’s clients include the following (each, a “**Fund**,” and collectively, the “**Funds**”):

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- |  |                  |
|--|------------------|
| • Brockway Moran & Partners Fund II, L.P.                  |                  |
| • Brockway Moran & Partners Co-Invest Fund II, L.P.        | <b>“Fund II”</b> |
| • Brockway Moran & Partners Associate Co-Invest Fund, Ltd. |                  |
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- |  |                   |
|--|-------------------|
| • Brockway Moran & Partners Fund III, L.P.           |                   |
| • Brockway Moran & Partners Co-Invest Fund III, L.P. | <b>“Fund III”</b> |
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- Brockway Moran & Partners Fund III AMGH AIV US, L.P.
  - Brockway Moran & Partners Fund III AMGH AIV, L.P.
- 

**“Fund III AIV”**

The investment periods of the Funds have terminated and Brockway Moran will no longer make platform investments through these Funds. The Funds may continue to make follow-on investments in existing Fund portfolio companies and certain existing Fund portfolio companies will seek to make add-on acquisitions.

Interests in the Funds were privately offered to qualified investors in the United States and elsewhere. The Funds are expected to invest through negotiated transactions in operating companies, generally referred to herein as "portfolio companies." Brockway Moran's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Brockway Moran may serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

Brockway Moran's advisory services for the Funds are detailed in the applicable offering memorandum (each, a **“Memorandum”**) and limited partnership agreements (each, a **“Limited Partnership Agreement”**) and together with the Memorandum, the **“Governing Documents”**) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds participate in the overall investment program for the applicable fund, but investors in certain Funds may be excused from a particular investment due to legal, regulatory or other applicable constraints or other agreed upon reasons pursuant to the applicable Limited Partnership Agreement. The Funds or Brockway Moran may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing the terms of a Fund's Limited Partnership Agreement.

As of December 31, 2014, Brockway Moran managed \$675,627,956 in client assets on a discretionary basis. The Management Company is owned by Peter C. Brockway and Michael E. Moran.

### **FEES AND COMPENSATION**

The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Limited Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

In general, each General Partner receives a management fee (the **“Management Fee”**) and a carried interest in connection with advisory services it provides to clients. The General Partners or other Brockway Moran entities or affiliates receive additional compensation in

connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of the Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to Brockway Moran. Investors in the Funds also bear certain fund expenses, as described below.

## **Management Fees**

During the investment period of a particular Fund, such Fund generally paid the General Partner an annual Management Fee, payable quarterly in advance, equal to 2% of its aggregate commitments. Commencing with the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events as set forth in the applicable Limited Partnership Agreement, the Management Fee generally will equal 2% of (i) the aggregate amount of capital contributions (in certain Funds limited to capital contributions used for investments), less (ii) the aggregate amount of distributions constituting returns of such capital contributions and, without duplication, the aggregate amount of permanent write-downs. In addition, the Management Fee generally will be reduced by 50% to 80% of: (i) any directors' fees, financial consulting fees or advisory fees earned by a General Partner from portfolio companies; (ii) any transaction fees paid by portfolio companies to a General Partner; and (iii) any break-up fees from transactions not completed that are paid to a General Partner. Any fees earned from, on behalf of or in respect of a co-investment will not reduce the Management Fee payable by any other Fund. A General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Certain waived portions of a Management Fee installment are treated by the Limited Partnership Agreements as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf and reduces the amount of capital contributions a General Partner and its affiliates would otherwise be required to contribute after the date such waived amount would otherwise be due in return for a profits interest in the applicable Fund.

The Management Fee with respect to a particular Fund commenced as of the effective date of such Fund based on aggregate commitments, regardless of when a limited partner was actually admitted. Management Fees are paid out of current income and disposition proceeds of a Fund and, in the respective General Partner's discretion, from drawdowns that will reduce unfunded commitments.

## **Carried Interest**

Each General Partner generally is entitled to receive a carried interest with respect to certain Funds equal to 20% of all realized profits subject to an 8% annually compounded preferred return and a related General Partner catch-up provision, as more fully described in the applicable Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of life of a Fund if the respective General Partner has received excess cumulative distributions.

## **Other Information**

Brockway Moran may exempt certain investors, including Brockway Moran's professionals and/or affiliates, in the Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption or through other Funds which co-invest with the relevant investor's Funds. In instances where a Brockway Moran professional or affiliate invests in a Fund, such professional or affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund.

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 Limited Partnership Agreement, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other employees of Brockway Moran may receive a portion of the Management Fee, carried interest or other compensation received by the General Partner.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. As set forth in the Limited Partnership Agreements, each Fund bears all expenses to the extent not paid or reimbursed by a portfolio company, generally including all costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of such Fund's investments, legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with a Fund's financial statements, tax returns and Schedule K-1s; out of pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board and annual meetings of the limited partners; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against a Fund. 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."

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

As described under "Fees and Compensation," each General Partner receives a carried interest allocation on certain realized profits in certain Funds. A carried interest allocation represents an investment adviser's compensation based on a percentage of net profits of the funds it manages. Brockway Moran also manages certain Funds that are not charged a performance-based fee. Brockway Moran also advises certain co-invest Funds that are not charged a performance-based fee. While this practice could present a conflict of interest, Brockway Moran does not believe it does in practice because co-invest Funds are contractually obligated to invest on a *pari passu* basis alongside the Funds that do pay a performance based fee at substantially the same time and on substantially the same terms.

## TYPES OF CLIENTS

Brockway Moran provides investment advice to the Funds. 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 Brockway Moran and its affiliates and members of their families.

The Funds (excluding the Co-Invest Funds, as defined below) generally have a minimum investment amount of \$5 million for third-party investors. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors are (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) for certain Funds, either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended. Brockway Moran may waive such minimum investment amounts and qualification requirements.

The Management Company also serves as investment manager to various co-investment vehicles that invest alongside the certain Funds in portfolio companies (the “**Co-Invest Funds**”). Such Co-Invest 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. Certain affiliates and personnel of Brockway Moran and other third party investors may be permitted to participate in the Co-Invest Funds or in some cases co-invest directly in a particular portfolio company. The Co-Invest Funds generally do not pay a management fee or carried interest, but investors in certain Co-Invest Funds do bear certain Co-Invest Fund partnership expenses (*e.g.*, the pro rata legal and other expenses associated with a portfolio company investment, audit expenses etc.). Brockway Moran will select which investors are permitted to invest in the Co-Invest Funds (or directly co-invest in a particular portfolio company) based on various factors, including the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons as more fully described in the applicable Fund’s Limited Partnership Agreement. Brockway Moran is not obligated to make co-investment opportunities available to any particular investors or limited partners.

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

### General

Brockway Moran seeks to generate long-term capital appreciation while earning attractive returns relative to risks assumed. Brockway Moran focuses on growth-oriented, middle-market companies with proven management teams where it believes there is opportunity to create value by developing and implementing growth strategies. Investments will typically be made in companies in which a Fund has control, either outright or with institutional co-investors who are like-minded. In certain circumstances a Fund may take minority positions with



governance protections. The investment periods of the Funds have terminated and Brockway Moran will no longer make platform investments through these Funds. The Funds may continue to make follow-on investments in existing Fund portfolio companies and certain existing Fund portfolio companies will seek to make add-on acquisitions.

The following is a summary of the investment strategies and methods of analysis generally employed by Brockway Moran on behalf of the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis are included in the applicable Memorandum for each Fund. There can be no assurance that Brockway Moran will achieve the investment objectives of the Funds and a loss of investment is possible.

### **Investment and Operating Strategy**

Brockway Moran believes that the value creation process presents itself in multiple dimensions and as a result, Brockway Moran embraces each of the critical aspects of sourcing, evaluating, selecting, building and exiting portfolio companies. Key aspects of the investment process include:

#### *Deal Sourcing*

Prior to the termination of the Funds' investment periods, Brockway Moran had developed a formalized sourcing program to manage and build upon its strong deal flow network, comprised of M&A boutiques, regional investment banks, major investment banks, individual business brokers, accounting firms and law firms. The sourcing program enabled Brockway Moran to systematically interact with thousands of deal sources and involved significant outbound marketing and calling efforts to enhance current relationships and develop new deal sources. As a result of its efforts, Brockway Moran had a wide deal funnel that facilitated a selective approach to making investments.

Since the Funds' investment periods have terminated, the Funds will no longer make platform investments (although the Funds may continue to make follow-on investments in existing Fund portfolio companies and certain existing Fund portfolio companies will seek to make add-on acquisitions). Brockway Moran has adjusted its deal sourcing program to reflect its focus on add-on opportunities for existing portfolio investments.

#### *Acquisition Process*

Brockway Moran has been successful in creating value from companies sourced in various ways, including traditional auctions, as well as in limited and proprietary sale processes. Brockway Moran takes a strategic approach to competing in limited processes and traditional auctions, which it believes has resulted in a preferred position with many management teams and certain "last look" opportunities as well as completed acquisitions despite the presence of higher competing bids.

- Acquiring Businesses in Competitive and Limited Processes

Brockway Moran utilizes fully staffed, experienced deal teams with significant resources that often results in a more complete and insightful analysis of a target company. Brockway Moran expects utilize these resources to generate add-on acquisition opportunities for certain platform investments through targeted acquisition programs.

- Due Diligence and Investment Selection

Brockway Moran intends to continue to utilize a rigorous and analytical approach to due diligence and deal selection for add-on acquisitions. The Funds' investment criteria have been developed to lessen the probability of pursuing an investment opportunity with an unattractive risk/return profile.

- Optimizing Deal Structure

Brockway Moran believes that incremental value can be generated by optimizing deal structure. Brockway Moran utilizes its structuring skills, including in-house legal and tax expertise, to choose among various structuring and financing alternatives in order to take advantage of relevant opportunities and reflect the particular characteristics of each portfolio company. Brockway Moran's historical success and active involvement with portfolio companies, as well as an open and accessible approach, has resulted in close relationships with lenders, which can afford structuring benefits.

#### *Active, Execution-Focused Approach to Post-Acquisition Value Creation*

Brockway Moran believes that a firm's ability to successfully expand portfolio companies through internal and external growth strategies will be an important determinant of whether superior returns are achieved in the current acquisition environment. Brockway Moran often substantially builds, and in some cases transforms, growing, relatively young companies, often culminating in its ability to sell a more complete asset than was purchased.

During the due diligence period and after the completion of an acquisition, Brockway Moran works closely with management to develop and execute expansion strategies, monitor the company's progress relative to its long-term expansion goals as well as short-term budgeted performance and provide financial and strategic advice. In particular, in many cases middle-market companies lack the systems and processes of larger, more developed businesses, affording the opportunity for Brockway Moran to introduce new business strategies, processes and disciplines, and work with management to "professionalize" the company.

In situations where a company is under-performing or pursuing a strategic direction which Brockway Moran believes is not in the best interest of investors, Brockway Moran will supplement or replace management personnel as appropriate.

#### *Exits*

Deal exits are thought out during due diligence and continually reviewed during Brockway Moran's ownership period. Brockway Moran believes the timing and approach for

each exit is unique and based on many factors, including the timing and status of strategic initiatives and the current industry and competitive environment, as well as more generalized economic and capital markets conditions. Historically, Brockway Moran has exited through sales to strategic buyers or to larger financial sponsors, and less frequently, through public offerings. In addition to third party realizations, Brockway Moran may utilize leveraged recapitalizations and dividend recapitalizations to provide liquidity and enhance returns.

## **Risks of Investment**

The Funds and their investors bear the risk of loss that Brockway Moran's investment strategy entails. Although the following risk factors generally apply to Brockway Moran's Funds, investors should also refer to each Fund's Memorandum for risk factors specific to their Fund. The risks involved with Brockway Moran's investment strategy and an investment in the Funds include, but are not limited to:

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

*Investment in Junior Securities.* The securities in which the Funds 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.

*Concentration of Investments.* The Funds 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, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty.

*Portfolio Company Leverage.* A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of the Fund's investment in such portfolio company. Leverage often 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 a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which are at or near historic lows) and could accelerate and magnify declines in the value of such 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 debt service, a 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, the companies in which a Fund will invest generally will not be rated by a credit rating

agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of a 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 Limited Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested entirely with the General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of Brockway Moran. The loss of service of one or more of the principals of Brockway Moran could have an adverse effect on the Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend entirely on the actions of the General Partner. Although the General Partners will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by Brockway Moran in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and 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 effect on the reliability of projections.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

*Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized 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 to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and foreign tax rules to cross-border investments, possible imposition of foreign taxes on a Fund and/or the partners with respect to a Fund's income, and possible foreign tax return filing requirements for a Fund and/or the partners.

*Public Company Holdings.* A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject a 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 a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals of Brockway Moran, and increased costs associated with each of the aforementioned risks.

*Dilution.* Limited partners admitted to a Fund following the first closing of the Fund participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partners have been required to contribute their pro rata shares of previously made capital contributions, there can be no assurance that these contributions reflected the fair value of the Fund's existing investments at the time of such contributions.

*Director Liability.* The Funds will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

*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 a 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 such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

*Material Non-Public Information.* As a result of the operations of Brockway Moran and its affiliates, Brockway Moran frequently comes into possession of confidential or material non-public information. Therefore, Brockway Moran and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Brockway Moran's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

## **Conflicts of Interest**

Brockway Moran and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management and other services to Funds and portfolio companies. In the ordinary course of Brockway Moran conducting its activities, the interests of a Fund may conflict with the interests of Brockway Moran, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

As described above under "Material Changes" the investment periods for the Funds has terminated. Consequently, in addition to time and attention spent on the Funds' investments, Brockway Moran or its principals may focus their investment activities on other opportunities and areas unrelated to the Funds' investments. Brockway Moran or its principals may manage or otherwise be involved in other investment funds and/or investments similar to those in which a particular Fund is invested, and may direct certain relevant investment opportunities to those investment funds and investments. In addition, Brockway Moran's investment staff may perform services for such investment funds and/or investments. The significant investment of Brockway Moran in the Funds, as well as the Brockway Moran principals' interest in the carried interest in the Funds, operate to align, to some extent, the interest of Brockway Moran with the interest of the partners of the Funds, although Brockway Moran principals may have economic interests in such other investment funds and/or investments as well and may receive management fees and carried interests relating to these interests. Such other investment funds and investments may compete with a Fund or companies acquired by a Fund.

Since Brockway Moran is permitted to retain certain supplemental fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving transactions. Brockway Moran attempts to resolve such conflict by offsetting the Management Fee by a portion of such supplemental fees.

As a result of the fact that the Funds' generally own controlling interests in portfolio companies, the General Partners and/or their respective 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 approve compensation and/or other amounts payable to Brockway Moran and/or its affiliates. Such amounts are in addition to any Management Fees or carried interest paid by a Fund to Brockway Moran or its affiliates.

Additionally, a portfolio company typically will reimburse Brockway Moran or service providers retained at Brockway Moran's discretion for expenses (including without limitation travel expenses) incurred by Brockway Moran or such service providers in connection with its performance of services for such portfolio company. This subjects Brockway Moran 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. Brockway Moran 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 Brockway Moran 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.

Brockway Moran generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Brockway Moran or a related person of Brockway Moran (which may include a portfolio company of such Fund) or (ii) an entity with which Brockway Moran or its affiliates or current or former members of their personnel has a relationship or from which Brockway Moran or its affiliates or their personnel otherwise derives financial or other benefit. This subjects Brockway Moran to conflicts of interest, because although Brockway Moran 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, Brockway Moran may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Brockway Moran, 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 Brockway Moran 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. In addition, as described under "Client Referrals and Other Compensation," a portfolio company may retain a law firm owned by Brockway Moran's general counsel ("**General Counsel**") to provide legal services to the portfolio company and any compensation received as a result of such arrangement is not subject to the Management Fee offset provisions contained in the Limited Partnership Agreements of the Funds.

Brockway Moran, its affiliates, and equityholders, officers, principals and employees of Brockway Moran and its affiliates may buy or sell securities or other instruments that Brockway Moran has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to the policies and procedures set forth in Brockway Moran's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

Because Brockway Moran's carried interest is based on a percentage of net realized profits, it may create an incentive for Brockway Moran to cause a Fund to make riskier or more speculative investments than would otherwise be the case.

Any of these situations subjects Brockway Moran and/or its affiliates to potential conflicts of interest. Brockway Moran attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Brockway Moran'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, Brockway Moran will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Brockway Moran 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**

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

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

As described under "Advisory Business" above, the Management Company is affiliated with the following General Partners registered as investment advisers under the Advisers Act in accordance with SEC guidance:

- Brockway Moran & Partners Management II, L.P.
- Brockway Moran & Partners Management III, L.P.

These affiliated investment advisers serve as general partners of the Funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

Brockway Moran has adopted a Code of Ethics and Securities Trading Policy (the "Code"), which sets forth standards of conduct that are expected of Brockway Moran principals and employees and addresses conflicts that arise from personal trading. The Code requires Brockway Moran personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably 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 Peter Klein, the Chief Compliance Officer, at (561) 750-2000. 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.

Brockway Moran 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, Brockway Moran 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 Brockway Moran.

Accordingly, should Brockway Moran or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Brockway Moran would be prohibited from communicating such information to clients, and Brockway Moran 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 Brockway Moran personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

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

The Funds may invest together with other private investment funds advised by an affiliated adviser of Brockway Moran in the manner set forth in the applicable Limited Partnership Agreement. Brockway Moran will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and the Brockway Moran investment allocation policy, taking into account factors such as a Fund's investment and regulatory restrictions, objectives (including those set forth in the relevant Fund's Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, asset composition and available capital commitments. In the case of co-investments, Brockway Moran may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in one or more of a Fund's portfolio companies or otherwise to have priority in co-investment opportunities.

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

#### **BROKERAGE PRACTICES**

Brockway Moran 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, Brockway Moran may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Brockway Moran does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Brockway Moran sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Brockway Moran. In such event, Brockway Moran will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Brockway Moran 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; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

Brockway Moran 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 Brockway Moran 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 Brockway Moran seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Brockway Moran generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers would be used to service all of Brockway Moran’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Brockway Moran, 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.

To the extent that Brockway Moran allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

Brockway Moran does not anticipate engaging in significant public securities transactions; however, to the extent that Brockway Moran engages 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. To the extent that orders for any Funds are completed independently, Brockway Moran may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Brockway Moran may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to

reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Brockway Moran is favored over any other Fund. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

In Brockway Moran's private company securities transactions on behalf of the Funds, Brockway Moran may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Brockway Moran may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Brockway Moran generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

#### **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, Brockway Moran closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

Brockway Moran generally will provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company quarterly.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Brockway Moran 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. As described in the Governing Documents, this compensation may, in many circumstances, offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursement of the allocable charges of Brockway Moran's legal department for certain legal services provided to the Funds and to portfolio companies), these fees may be in addition to Management Fees. Brockway Moran or certain of its affiliates may

have the right to receive certain non-investment advisory fees in connection with the Funds' investments and portfolio companies. For example, Brockway Moran may be entitled to receive certain monitoring or consulting fees from a portfolio company for services provided to the portfolio company. Pursuant to the Limited Partnership Agreement of a particular Fund, a percentage of such fees are generally offset against the Management Fee. See "Fees and Compensation," above."

As mentioned above, Brockway Moran has been reimbursed for the allocable charges of its legal department for legal services rendered in connection with acquiring, holding and disposing of the Funds' investments and portfolio company add-on acquisitions and un consummated transactions. Such reimbursement to Brockway Moran has not been subject to the Management Fee offset provisions contained in the Limited Partnership Agreements of the Funds. As of January 1, 2015, Brockway Moran's legal department no longer provides legal services to the Funds' portfolio companies. Although the General Counsel continues in his role as general counsel of Brockway Moran, he provides services in that capacity only to Brockway Moran, its affiliates and the Funds, but not portfolio companies, and the firm is not reimbursed by the Funds for the cost of these services. As of January 1, 2015, each of the Funds' portfolio companies engaged the General Counsel's law firm as outside legal counsel. No portfolio company was required to engage the General Counsel's law firm. Fees charged by the General Counsel's law firm are at rates that are no less favorable than fees that are or would be charged by other providers of legal services for similar services.

From time to time, Brockway Moran has entered into solicitation arrangements pursuant to which it compensated third parties for referrals that result in a potential investor becoming a limited partner in a Fund.

### **CUSTODY**

Brockway Moran has established accounts with the following qualified custodians to hold funds and securities on behalf of the Funds: Merrill Lynch and Sun Trust Bank, N.A.

### **INVESTMENT DISCRETION**

Brockway Moran has discretionary authority to manage investments on behalf of the Funds. As a general policy, Brockway Moran does not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, Brockway Moran generally may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other agreed upon reasons. Brockway Moran assumes this discretionary authority pursuant to the terms of the Governing Documents.

### **VOTING CLIENT SECURITIES**

Brockway Moran has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Brockway Moran votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in

voting proxies. Brockway Moran generally believes its interests are aligned with those of a Fund's investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Brockway Moran may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve Brockway Moran's vote in a particular solicitation. Brockway Moran does not consider service on portfolio company boards by Brockway Moran personnel or Brockway Moran'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 Brockway Moran when voting proxies on behalf of a Fund. If you would like a copy of Brockway Moran's complete Proxy Policy or information regarding how Brockway Moran voted proxies for particular portfolio companies, please contact Peter Klein, the Chief Compliance Officer, at (561) 750-2000, and it will be provided to clients at no charge.

#### **FINANCIAL INFORMATION**

Brockway Moran does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.