

**Item 1. Cover Page**

**Monitor Clipper Partners, LLC**

**116 Huntington Avenue  
Boston, MA 02116**

**617-638-1100**

**[www.monitorclipper.com](http://www.monitorclipper.com)**

Part 2A of Form ADV: Firm Brochure  
March 27, 2015

This brochure provides information about the qualifications and business practices of Monitor Clipper Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 638-1100 or [SEC-Compliance@monitorclipper.com](mailto:SEC-Compliance@monitorclipper.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Monitor Clipper Partners, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

**Item 2. Material Changes**

This Brochure, dated March 27, 2015, serves as an update to Monitor Clipper Partners' Brochure dated March 28, 2014 (the "Prior Brochure"). This Brochure contains routine annual updates to the Prior Brochure, as well as certain other updates, including conflicts of interest.

### Item 3. Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	5
6	Performance-Based Fees and Side-By-Side Management	7
7	Types of Clients	8
8	Methods of Analysis, Investment Strategies and Risk of Loss	8
9	Disciplinary Information	13
10	Other Financial Industry Activities and Affiliations	13
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
12	Brokerage Practices	27
13	Review of Accounts	28
14	Client Referrals and Other Compensation	29
15	Custody	29
16	Investment Discretion	29
17	Voting Client Securities	30
18	Financial Information	31
19	Requirements for State-Registered Advisers	31

#### **Item 4. Advisory Business**

For purposes of this brochure, the “Adviser” means Monitor Clipper Partners, LLC (“Monitor Clipper Partners”), a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates are generally under common control with Monitor Clipper Partners, LLC, and possess a substantial identity of personnel and/or equity owners with Monitor Clipper Partners, LLC. These affiliates are typically formed for tax, regulatory or other purposes in connection with the organization of the Funds, or serve as general partners of the Funds.

Monitor Clipper Partners provides investment supervisory services to investment vehicles (collectively, the “Main Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

Additionally, Monitor Clipper Partners also organizes or controls certain other “feeder” vehicles (each such vehicle, a “Feeder Vehicle”) organized to invest exclusively in a Main Fund.

The Main Funds and Feeder Vehicles are collectively referred to as the “Funds.” Funds that invest side-by-side pro rata according to capital commitments are considered a “Fund family.”

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives, investments are generally made in companies doing business in North America and Europe. Monitor Clipper Partners’ advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments.

Monitor Clipper Partners provides investment supervisory services to each Fund in accordance with a separate management agreement with such Fund (each, an “Advisory Agreement”), the limited partnership agreement (or analogous organizational document) of such Fund, and/or side letters entered into with certain investors in a Fund (collectively with the Advisory Agreement and organizational document, the “Governing Documents”).

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

The principal owner of Monitor Clipper Partners, LLC is Monitor Clipper Partners (Cayman), L.P. Monitor Clipper Partners (including predecessor entities) has been in business since 1998. As of

December 31, 2014, Monitor Clipper Partners manages a total of \$912,162,982 of client assets, all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

As compensation for investment supervisory services rendered to the Funds, Monitor Clipper Partners receives from each such Main Fund an advisory fee (each, an “Advisory Fee”). Advisory Fees paid by a Main Fund are indirectly borne by investors in such Main Fund, except for Feeder Funds that invest in such Main Fund, which are generally exempted from paying an Advisory Fee.

Each Fund that is not a “qualified purchaser” (a “Non-QP Fund”) for purposes of the Investment Company Act of 1940, as amended, has an “investment period” of generally five years, during which period the Advisory Fee paid by Non-QP Fund is generally 2.0% per annum of the aggregate amount of subscribed capital of such Non-QP Fund. Following the termination of a Non-QP Fund’s investment period, the Advisory Fee paid by such Non-QP Fund for the balance of the term of the Non-QP Fund is generally 1.50% per annum of the amount of capital that remains invested in such Non-QP Fund. Non-QP Funds that are also a feeder vehicle are typically not charged Advisory Fees.

In addition, Monitor Clipper Partners and its affiliates typically perform management, advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with acquisitions, add-on acquisitions, mergers, refinancings, public offerings, sales and similar transactions (“Transaction Fees”). Generally, under the terms of the applicable Governing Documents, these Transaction Fees are net of out-of-pocket costs and expenses incurred by Monitor Clipper Partners in connection with consummated or unconsummated transactions or in connection with generating any such fees. These Transaction Fees can be substantial and are typically paid in cash. Although these fees are in addition to the Advisory Fees, Monitor Clipper Partners will generally reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Governing Documents of the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Any such reduction of a Fund’s Advisory Fees will be limited to the extent of such Fund’s proportionate interest in any such portfolio company. Additionally, portfolio companies generally reimburse Monitor Clipper Partners for expenses (including without limitation travel expenses, which generally include expenses for first class travel, “blackcar” transportation, and meals and entertainment expenses) incurred by Monitor Clipper Partners in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Transaction Fees” under the terms of the applicable Governing Documents, and such reimbursements are not subject to the sharing arrangements described above, because the expenses incurred were not subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

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

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

The precise amount of, and the manner and calculation of, the Advisory Fees for each Main Fund are established by Monitor Clipper Partners, as modified by negotiations with investors in the applicable Fund, and are set forth in such Main Fund's Governing Documents and/or other documentation received by each investor prior to investment in such Main Fund. The Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by Monitor Clipper Partners in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above are modified from time to time. Fees differ from one Fund to another, as well as among investors in the same Fund.

Advisory Fees billed to and received from the Funds are payable five days after the commencement of the applicable semiannual period.

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

The Advisory Fees paid by a Fund will generally be reduced by the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. In addition, from time to time, Monitor Clipper Partners will waive or reduce all or a portion of the Advisory Fee to be paid by a Fund in full or partial satisfaction of any obligation of Monitor Clipper Partners and certain employees of Monitor Clipper Partners to invest in such Fund.

To the extent provided in the Governing Documents of the Funds, Monitor Clipper Partners will pay out of Advisory Fees certain operating expenses, including expenses on account of rent, utilities, office supplies, office equipment, certain travel and entertainment, compensation of its partners and employees (other than Carried Interest described in Item 6 below) and other routine administrative expenses relating to the services and facilities provided by Monitor

Clipper Partners to the Funds. Consistent with the partnership agreements or other Governing Documents of the Funds, each Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, investment banking, consulting (including, but not limited to, consulting fees incurred by the applicable Fund for the benefit of its portfolio company), fees paid to third-party valuation agents, research, brokerage, finders', custody, transfer, registration, advisory board, interest, taxes and extraordinary expenses, such as Fund's allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated, such as Fund's allocable share of expenses and fees incurred in the course of making investments, certain limited travel and entertainment, and other similar fees and expenses, as well as any other fees or expenses incurred by Monitor Clipper Partners or such Fund in connection with the Fund's operations that are not specifically set forth above as being paid by Monitor Clipper Partners. In certain cases, a co-investment vehicle is formed in connection with the consummation of a transaction. If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction would therefore be borne by the Fund or Funds selected by Monitor Clipper Partners as proposed investors for such proposed transaction.

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

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

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

With respect to each Main Fund, a portion of the profits, if any, of such Main Fund is allocated to the capital account of its general partner as "carried interest" (the "Carried Interest"). Carried Interest paid by a Main Fund is indirectly borne by investors in such Main Fund and therefore, is borne indirectly by investors in any Feeder Vehicles that invest in such Main Fund if the Feeder Vehicle is subject to carry. Feeder Vehicles and certain other investors in such Main Funds incur lower or no Carried Interest.

The payment by some, but not all, Funds of Carried Interest may create an incentive for Monitor Clipper Partners to disproportionately allocate time, services or functions to Funds paying Carried Interest, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of Monitor Clipper Partners to establish new investment funds; (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously with other Funds and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

## **Item 7. Types of Clients**

Monitor Clipper Partners currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in such Fund.

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

Monitor Clipper Partners does not have a minimum size for a Fund, but minimum investment commitments are generally established for investors in the Funds. Monitor Clipper Partners permits investments below the minimum amounts set forth in the offering documents of such Fund.

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

### **Methods of Analysis and Investment Strategies**

The Funds will invest principally in leveraged control positions in middle market companies to which Monitor Clipper Partners believes it can add significant value. Investments will be sourced through the combined networks and industry expertise of Monitor Clipper Partners’ principals. The Funds will also invest in growth capital opportunities where Monitor Clipper Partners can play an active, influential role in directing the company’s strategy and operation. While Monitor Clipper Partners generally seeks to acquire private companies or divisions of public companies in negotiated settings, Monitor Clipper Partners will also pursue going-private transactions or participate in competitive sale processes where Monitor Clipper Partners believes that its strategy represents a tangible advantage relative to other potential acquirers.

Monitor Clipper Partners evaluates the attractiveness of an industry by examining the factors that impact the industry’s long term margin structure: barriers to entry, threat of substitution, structure and power of suppliers, structure and power of customers, and intensity of rivalry among industry participants.

Monitor Clipper Partners targets companies in sectors where it can capitalize on industry expertise and improve enterprise value through strategic redirection, growth and/or operational improvement. Many of these companies share one or more of the following characteristics:

- Participate in industries in which Monitor Clipper Partners has considerable expertise;



- Involve decision makers or influencers with whom Monitor Clipper Partners has pre-existing relationships;
- Have current owners who wish to retain a significant stake in the business or who view management's preferences with regard to a new owner as important to their sale decision;
- Have management teams that are committed to the business and that seek to work with a private equity firm to help them drive fundamental enterprise value; and
- Are businesses to which Monitor Clipper Partners believes it can add significant value through specific initiatives to grow profitability and enhance equity value.

In evaluating potential investments, Monitor Clipper Partners adheres to the following four principles:

1. Focus on businesses that compete in attractive industries;
2. Within those industries, invest in businesses that have strong inherent competitive positions;
3. Build and invest alongside skilled, motivated management teams who are keen to work with an involved, value-adding equity partner; and
4. Invest in these businesses through transactions and structures that provide Monitor Clipper Partners with control or strong influence in directing the company's strategy and operations and attractive risk/reward characteristics.

## **Risks**

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

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

*Leveraged Nature of Investments* – While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The Funds' investments from time to time involve significant leverage, as a result of which recessions, operating problems and other general business and economic risks would likely have a pronounced effect on the profitability or survival of the Funds' portfolio companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company.

*Highly Competitive Market for Investments* – The business of identifying and structuring transactions of the nature contemplated by the Funds is highly competitive. The Funds will be competing for investments with other private equity investment vehicles as well as other

institutional investors. The size and number of private equity investment vehicles has grown dramatically in recent years, and it is likely that these trends will continue in the future. There can be no assurance that the Funds will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve their targeted rate of return, or fully invest their committed capital. An investor in a Fund must rely upon the ability of Monitor Clipper Partners to identify, structure and implement investments consistent with the Fund's investment objective and policies.

*Financial Market Fluctuations* – General fluctuations in the market prices of securities will affect the fair market value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

*Long-Term Nature of Portfolio Investments* – It is anticipated there will be a significant period of time (up to five years) before the Funds have completed their investment programs. Investments typically take from three to seven years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures will likely not provide liquidity for a Fund's investments prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of a Fund's investments will occur for a significant period of time after the first closing of the Fund.

*Illiquidity of Funds' Portfolio Investments* – It is anticipated that all or a substantial portion of the Funds' investments will consist of securities that are subject to restrictions on sale by the Funds because they were acquired from the issuer in "private placement" transactions or because the Funds will be deemed to be an affiliate of the issuer. Generally, the Funds will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit limited sales under specified conditions. When restricted securities are sold to the public, the Funds may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under that Act. In addition, practical limitations may inhibit the Funds' ability to liquidate certain of its investments in portfolio companies since the issuer will be privately held and the Funds will own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

*Other Activities of Principals of Monitor Clipper Partners* – The principals of Monitor Clipper Partners will devote such time as is necessary to conduct the affairs of the Funds in an appropriate manner. However, several of the principals of Monitor Clipper Partners will be engaged in some activities unrelated to a particular Fund, including, but not limited to,

supervising the investments of other Funds. The performance of the Funds could be adversely affected by the other professional commitments of the principals of Monitor Clipper Partners.

*Contingent Liabilities on Disposition of Portfolio Investments* – In connection with the disposition of an investment in a portfolio company, the Funds may be required to make representations about the business and financial affairs of such company, and to indemnify the purchasers of such investment if those representations are inaccurate. Monitor Clipper Partners will establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of the Funds, the investors may be required to repay to the Funds or to pay to creditors of the Funds' distributions previously received by them.

*Adverse Consequences of Ownership of Controlling Interest in Portfolio Companies* – It is expected that the Funds will often own a controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by the Funds, contractual arrangements between the company and the Funds, and other relevant factual circumstances, could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the Funds. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, the Funds may often be thought to control, participate in the management of or influence the conduct of portfolio companies. This could expose the assets of the Funds to claims by a portfolio company, its other security holders, its creditors or governmental agencies.

*Litigation History* – In late 2008, Hallmark brought a claim against a number of entities, including the Adviser, arising from a client's investment in Recycled Paper Greetings ("RPG"), alleging use of Hallmark trade secrets. In November 2012 a trial jury found against Monitor Clipper Partners and awarded Hallmark \$21.3 million in damages and \$10.1 million in punitive damages. Monitor Clipper Partners has requested and received indemnification from its client in this matter, as the Adviser lost the appeal in July 2014. The Adviser believes its conduct was ethical and proper at all times.

*Formation of Successor Funds* – Pursuant to the terms of the Funds' Governing Documents, Monitor Clipper Partners, after the requisite percentage, as specified in the Governing Documents, of a Fund's subscribed capital has been invested, expended or reserved for investment or expenses, often establishes additional equity buyout funds, and there can be no assurance that the creation of such additional funds will not give rise to conflicts of interest between the limited partners of the respective funds.

*Receipt of Ancillary Fees* – Monitor Clipper Partners and its affiliates receive ancillary fees from portfolio companies, including commitment fees, consulting fees, break-up fees, topping fees, monitoring fees, investment banking fees, and director's fees. Investors will get the benefit of only a portion of such fees.

*Special Risks Associated with Offshore Investments* – The Funds generally invest a portion of capital commitments in portfolio companies that are headquartered and that have their

principal operations outside the United States and Canada. These investments involve special risks not typically associated with investments in the securities of U.S. issuers, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability, (b) differences between U.S. and foreign securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, and the relatively greater price volatility and illiquidity of foreign securities markets, (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another and the possibility of fluctuations in exchange rates, and (d) tax-related issues, including the possibility of withholding taxes, confiscatory foreign taxes, and the possibility of double taxation of income earned overseas.

*Global Market Risk* – The current global economic climate is uncertain. Global market turmoil has increased volatility in the financial markets, which can, in turn, cause consumer and corporate confidence to weaken and reinforce an economic downturn. The availability of credit, including leverage used to acquire portfolio companies, can have an adverse effect on the U.S. and global economy generally, the ability of the Funds to enter into certain transactions and on the ability of portfolio companies to execute their business plans. An uncertain economic climate can reduce the availability of attractive investment opportunities and inhibit Monitor Clipper Partners’ ability to predict market conditions or the performance of investments. This uncertainty could also adversely affect Fund portfolio companies.

*Valuation of Assets* – There is no actively traded market for most or all of the securities owned by the Funds. When estimating fair value, the Monitor Clipper Partners will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval, and ensuring that portfolio investments are fairly valued is an important focus of Monitor Clipper Partners. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values are likely to differ from values that would have been determined had an active market existed for such securities and could differ from the prices at which such securities will ultimately be sold. Third-party pricing information could at times not be available regarding certain of a Fund’s assets. With respect to the Funds, the exercise of discretion in valuation by Monitor Clipper Partners sometimes gives rise to conflicts of interest, as the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to Monitor Clipper Partners.

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

### **Other Financial Industry Activities: Administrator**

Monitor Clipper Partners has assumed the role of Administrator to one of the investors in a Fund. In this capacity, Monitor Clipper Partners performs various administrative services, such as quarterly reporting and tax return preparation.

### **Affiliated Adviser**

Monitor Clipper Partners currently has one affiliated adviser. Monitor Clipper Partners' affiliated adviser is Monitor Clipper Partners GmbH, an investment adviser incorporated under the laws of and doing business in the Swiss Confederation. The affiliated adviser provides material research, analysis and support to Monitor Clipper Partners' advisory business.

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

### **Code of Ethics**

Monitor Clipper Partners has adopted a written Code of Ethics that is applicable to all of its officers and employees, as well as certain independent contractors (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households have in the past and may in the future purchase investments for their own accounts, but generally will not buy or sell securities or other instruments as purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with Monitor Clipper Partners' Chief Compliance Officer (the "CCO") as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps Monitor Clipper Partners detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon written request to: April E. Evans, Chief Compliance Officer (SEC-Compliance@monitorclipper.com).

### **Participation or Interest in Client Transactions**

Monitor Clipper Partners and certain employees of Monitor Clipper Partners invest in the Funds, as direct investors in the Funds or otherwise. A Fund or Monitor Clipper Partners generally reduces all of the Advisory Fee and Carried Interest related to investments held by

such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

### **Conflicts of Interest**

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

Monitor Clipper Partners, from time to time, establishes certain investment vehicles through which certain persons invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as co-investment vehicles, generally are contractually required, as a condition of investment, to exit their investments in each investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund that is invested in that investment opportunity. Co-investment vehicles generally do not pay Advisory Fees or Carried Interest.

### *Resolution of Conflicts*

In the case of all conflicts of interest, Monitor Clipper Partners’ determination as to which factors are relevant, and the resolution of such conflicts, will be made using Monitor Clipper Partners’ best judgment, but in its sole discretion. In resolving conflicts, Monitor Clipper Partners will generally consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless Monitor Clipper Partners believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering documents and/or Governing Documents for the Funds;
- (3) Generally, each Main Fund has established an advisory committee, consisting of representatives of investors not affiliated with Monitor Clipper Partners. The advisory committees meet as required to consult with Monitor Clipper Partners as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, Monitor Clipper Partners will be guided by its good faith discretion;

- (4) Where Monitor Clipper Partners deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (5) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

### *Conflicts*

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

### *Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*

In connection with its investment activities, Monitor Clipper Partners will encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which include, but are not limited to, the following:

- The Main Funds;
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Main Funds in one or more transactions entered into by such Main Funds (the investors in such co-investment vehicles include individuals and entities that are also investors in one or more Funds ("Adviser Investors") and/or individuals and entities that are not investors in any Funds ("Third Parties"));
- Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Adviser Investors and/or Third Parties acting as "co-sponsors" with Monitor Clipper Partners with respect to a particular transaction.

Monitor Clipper Partners has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"). Investment Allocation Requirements are set forth in the instrument under which the Fund was established (such as a Fund's limited partnership agreement or private placement memorandum). To the extent the Investment Allocation

Requirements of a Fund do not include specific allocation procedures and/or allow Monitor Clipper Partners discretion in making allocation decisions among the Funds, Monitor Clipper Partners will follow the process set forth below.

Monitor Clipper Partners must first determine which Funds will participate in an investment opportunity. Monitor Clipper Partners assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund's investment objectives, strategies and structure. A Fund's investment objectives, strategies and structure typically are reflected in the Fund's offering memoranda and Governing Documents. Prior to making any allocation to a Fund of an investment opportunity, Monitor Clipper Partners determines what additional factors restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** Monitor Clipper Partners may be required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities may be set forth in a Fund's offering documents and/or operating agreement.
- **Related Investments:** Monitor Clipper Partners will offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of other Funds.
- **Legal and Regulatory Exclusions:** Monitor Clipper Partners may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds that will participate in a particular investment have been identified, Monitor Clipper Partners, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, Monitor Clipper Partners will consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each Fund's liquidity and reserves;
- Each Fund's diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Each Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each Fund's portfolio;



- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering documents and Governing Documents of each Fund, specifically including pro rata allocations among Funds investing side-by-side based on the amount of committed capital for each such Fund participating in the investment opportunity.

Monitor Clipper Partners will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. The Firm's CCO shall maintain documentation showing the rationale for allocations of limited investment opportunities in cases where the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow Monitor Clipper Partners discretion in making allocation decisions among the Funds.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Monitor Clipper Partners or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities are typically offered to some and not other investors in the Funds, in the sole discretion of Monitor Clipper Partners or its related persons, and (iv) certain persons other than investors in the Funds (e.g., Third Parties) will occasionally be offered co-investment opportunities, in the sole discretion of Monitor Clipper Partners or its related persons, and (v) co-investors generally purchase their interests in a portfolio company at the same time as the Funds, but sometimes purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

Monitor Clipper Partners will determine if the amount of an investment opportunity exceeds the amount Monitor Clipper Partners determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants

in the applicable deal, such as co-sponsors, consultants and advisers to Monitor Clipper Partners and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by Monitor Clipper Partners to be in the best interest of the applicable Fund), and any such excess will generally be offered to one or more co-investors pursuant to the procedures included in such Funds' Governing Documents/side letter agreements and as set forth in the following paragraphs.

In exercising its discretion to allocate co-investment opportunities among the Funds and other persons, Monitor Clipper Partners may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- Monitor Clipper Partners' evaluation of the size and financial resources of the potential co-investment party and Monitor Clipper Partners' perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns Monitor Clipper Partners may have that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Monitor Clipper Partners' perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by Monitor Clipper Partners;
- Monitor Clipper Partners' perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- Monitor Clipper Partners' evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- Whether Monitor Clipper Partners believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish,

recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds.

Monitor Clipper Partners' exercise of its discretion in allocating investment opportunities among the persons, including the Funds, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations will likely be more or less advantageous to some such persons relative to other such persons. While Monitor Clipper Partners will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Monitor Clipper Partners is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, and the Fund consummates the transaction, the Fund will consequently hold a greater concentration and exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by the Fund which is not syndicated to co-investors as originally anticipated could significantly reduce the Fund's overall investment returns.

In addition, to the extent Monitor Clipper Partners has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, Monitor Clipper Partners will generally consider the factors listed above, requirements in such Fund's organizational documents, and such other factors as it deems appropriate under the circumstances in exercising such discretion.

Monitor Clipper Partners will allocate fees and expenses incurred in connection with the offering and management of a Fund between Monitor Clipper Partners and such Fund in accordance with the Fund's Governing Documents or, to the extent not addressed in such documents, in its sole discretion, in each case using good faith and its best judgment.

The appropriate allocation between Funds, Adviser Investors and Third Parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be allocated among the Funds in the Adviser's good faith discretion, consistent with the Governing Documents of the Funds, as applicable pro rata based on their capital commitments or proposed capital commitments. There are occasions when one Fund

(the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

A Fund sometimes sells down an interest in its portfolio companies to co-investors. Subject to the applicable Governing Documents, Monitor Clipper Partners will charge (or will decide not to charge) a co-investor (such as a Fund investor or third party) interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

In addition, principal executive officers and other personnel of Monitor Clipper Partners invest indirectly in Funds and will therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund.

#### *Conflicts Related to Purchases and Sales*

From time to time, conflicts will arise when a Fund family makes investments in conjunction with an investment being made by another Fund family. This can occur when one Fund family is reaching the end of its investment period and another Fund family is commencing its investment period. In these circumstances, the conflict of interest is the determination of the respective participation of each Fund family in the investment. Such conflicts are brought to each Fund family’s Advisory Board for review and approval. Terms of the investment are identical for each Fund participating in the investment.

Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring will often raise conflicts of interest. In certain circumstances, Funds will be prohibited from exercising voting or other rights, and are likely to be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund will supply such additional capital in such amounts, if any, as determined by Monitor Clipper Partners.

Employees and related persons of Monitor Clipper Partners and its affiliates have made or are likely to make capital investments in certain Funds, and therefore will have additional conflicting interests in connection with these investments.

#### *Cross-Transactions*

From time to time, Monitor Clipper Partners will cause a Fund to purchase investments from another Fund, or cause a Fund to sell investments to another Fund. This typically occurs at the final closing of each client in the Fund family to bring the Funds’ investments in line with the Investment Allocation Requirements of the relevant Funds. Such transactions create conflicts

of interest because, by not exposing such buy and sell transactions to market forces, there is a chance that a Fund will not receive the best price otherwise possible. Monitor Clipper Partners and its affiliates generally receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and are generally entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, Monitor Clipper Partners will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Governing Documents of certain Funds which invest in parallel (a Fund family) provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of such Funds). To the extent such matters are not addressed in the Investment Allocation Requirements, Monitor Clipper Partners' CCO, in consultation with Monitor Clipper Partners' Investment Committee, will be responsible for confirming that Monitor Clipper Partners (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions, including any required Advisory Board consent. Monitor Clipper Partners will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and Monitor Clipper Partners will not effect any such transaction for any Fund where Monitor Clipper Partners is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of Monitor Clipper Partners' principal transactions policy.

### *Management of the Funds*

Monitor Clipper Partners manages a number of Funds that have investment objectives similar to each other. Monitor Clipper Partners may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest, as described above at the end of the investment period of one Fund family and the beginning of the investment period of another Fund family. See *"Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities"* above. In addition, it is expected that employees of Monitor Clipper Partners responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by Monitor Clipper Partners, including Funds that will be raised in the future. Conflicts of interest will likely arise in allocating time, services or functions of these officers and employees.

The Funds are likely to enter into borrowing or guarantee arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds will be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing or guarantee arrangements when Monitor Clipper Partners determines it is in the best interests of the Funds.

### *Follow-on Investments*

Investments to finance follow-on acquisitions present conflicts of interest, including determination of the equity component and other terms of the new financing. Conflicts of interest will likely arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

### *Conflicts Relating to Monitor Clipper Partners*

From time to time, Monitor Clipper Partners has contracted, and may again in the future, in its discretion, contract with a related person of Monitor Clipper Partners (including but not limited to a portfolio company of a Fund) to perform services for Monitor Clipper Partners in connection with its provision of services to the Funds. When engaging a related person to provide such services, Monitor Clipper Partners has an incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

Monitor Clipper Partners, its affiliates, and members, officers, principals and employees of Monitor Clipper Partners and its affiliates may not buy or sell securities or other instruments that Monitor Clipper Partners has recommended to Funds. However, officers, principals and employees may buy securities in transactions offered to but rejected by Funds. Such transactions are subject to the policies and procedures set forth in Monitor Clipper Partners' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments vary from those of the Funds.

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

### *Fee Structure*

The Funds have fixed investment periods after which capital from investors in the Funds is only permitted to be drawn down in limited circumstances and Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds. This fee structure creates an incentive to deploy capital when Monitor Clipper Partners would not otherwise have done so.

Additionally, as discussed above in Item 6, Monitor Clipper Partners is entitled to Carried Interest under the terms of the limited partnership agreements of each of the Main Funds. The existence of the Carried Interest creates an incentive for Monitor Clipper Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

### *Providers of Operations Support*

The general partner and the portfolio companies will from time to time retain other companies and individuals ("Operations Support Providers"), which include one or more of affiliates of the general partner, employees of such affiliates, portfolio companies of other of Monitor Clipper Partners' funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), "operating partners" or "senior advisors." The Operations Support Providers are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies ("Operations Support Services"). These services typically include support to the general partner or portfolio companies regarding, among other things, one or more of the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

Pursuant to the Governing Documents of the Funds, fees and expenses associated with Operations Support Services ("Operations Expenses") will generally be paid and/or reimbursed by portfolio companies and/or the Funds. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider) will be determined at the discretion of the general partner and portfolio company taking into account the particular Operations Support Services, can include a profits or equity interest in the Funds and/or portfolio company or other incentive-based compensation to the Operations Support Provider, and will otherwise be determined according to one or more methods, including the value of the

time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the general partner in its sole discretion. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Funds, such Operations Expenses will be allocated among the Funds as determined by the general partner or manager, as applicable, in a fair and equitable manner. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to the management company or its affiliates. The general partner's good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses), and the allocation of such fees and expenses shall be binding on the Fund and its investors.

#### *Related Services*

As described in Item 5 above, Monitor Clipper Partners and its affiliates will, from time to time, perform Related Services for, and will receive fees from, portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to Monitor Clipper Partners. Consistent with the Funds' Governing Documents, Monitor Clipper Partners will incur expenses (including without limitation travel expenses, which may include expenses for first class travel, "blackcar" transportation, and meals and entertainment expenses), and a portfolio company will generally reimburse Monitor Clipper Partners for such expenses incurred by Monitor Clipper Partners in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described below. The amounts of these reimbursements are often substantial and the Funds and their investors generally do not have an interest in these reimbursements, because the Funds had no interest in the expenses that created the need for reimbursement. With respect to fees, Monitor Clipper Partners determines the amount of these fees for Related Services in its own discretion, subject to agreements with sellers, buyers, management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements will generally not (except in connection with the reductions described below) be disclosed to investors in the Funds. The amount of fees are generally disclosed annually to the Advisory Board of the relevant Funds. Consistent with the Governing Documents of the Funds, Monitor Clipper Partners will reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and nature of this reduction is set forth in the Governing Documents of the applicable Fund.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related



terms in the applicable agreement with the portfolio company. As some investors in Funds do not pay Advisory Fees, any such reduction will not benefit such investors.

### *Diverse Membership*

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

### *Business with Portfolio Companies and Investors*

Monitor Clipper Partners has an incentive to recommend the products or services of certain investors in the Funds or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended will not necessarily be the best available to the Funds or the portfolio companies.

Monitor Clipper Partners has service providers, including for example, investment bankers and outside legal counsel, who are investors in Funds and/or who provide services to businesses that are competitors of Monitor Clipper Partners. Monitor Clipper Partners has a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide Monitor Clipper Partners information about markets and industries in which Monitor Clipper Partners operates or is interested or will provide other services that are beneficial to Monitor Clipper Partners. There is a possibility that Monitor Clipper Partners, because of such belief or for other reasons, favors such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Members of a Main Fund's advisory committee are officers or directors of, or otherwise affiliated with, investors in a Fund. Monitor Clipper Partners may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

### *Positions with Portfolio Companies*

Employees of Monitor Clipper Partners serve as directors of portfolio companies. They do not receive remuneration for providing these services. Were they to receive remuneration for providing these services, such remuneration will reduce the Advisory Fees owed by the applicable Funds to Monitor Clipper Partners. In addition, employees of Monitor Clipper Partners may leave the employment of Monitor Clipper Partners or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

### *Side Letter Agreements*

Monitor Clipper Partners will often enter into certain 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 information rights or transfer rights.

### *Other Potential Conflicts*

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

Monitor Clipper Partners may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Monitor Clipper Partners. The Funds and/or their portfolio companies are likely to bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there will be a conflict of interest between Monitor Clipper Partners and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that Monitor Clipper Partners will favor the engagement or continued

engagement of such persons even if a better price and/or quality of service could be obtained from another person.

Monitor Clipper Partners occasionally represents creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. Monitor Clipper Partners could be asked to serve as advisor to creditor or equity committees. This involvement, for which Monitor Clipper Partners is likely to be compensated, could limit or preclude the flexibility that the Funds may otherwise have to make investments.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The Governing Documents of certain Funds permit Monitor Clipper Partners to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, certain confidential or sensitive information will be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. Monitor Clipper Partners will at times elect to withhold certain information to such limited partners for reasons relating to Monitor Clipper Partners' public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

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

## **Item 12. Brokerage Practices**

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

### **Selection of Brokers and Dealers**

For each of the Funds, Monitor Clipper Partners has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, Monitor Clipper Partners will seek "best execution" of the transaction. "Best execution" means

obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, Monitor Clipper Partners' Executive Committee takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, Monitor Clipper Partners will consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, Monitor Clipper Partners generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, Monitor Clipper Partners' CCO will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of Monitor Clipper Partners and each Fund.

Monitor Clipper Partners does not receive "soft dollars" in connection with its use of broker-dealers.

### **Aggregation of Trades**

Monitor Clipper Partners expects to aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. Monitor Clipper Partners will likely combine orders on behalf of Funds with orders for other Funds for which it has trading authority, or in which it has an economic interest. In such cases, Monitor Clipper Partners expects to aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon Monitor Clipper Partners' procedures for allocation of investment opportunities, as described in Item 11 above.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly Monitor Clipper Partners' review of them is not directed toward a short-term

decision to dispose of securities. However, Monitor Clipper Partners closely monitors the portfolio companies of the Funds and maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes those investment professionals assigned to the portfolio company. Moreover, Partners and other investment professionals of Monitor Clipper Partners monitor portfolio company performance through regular management meetings (which occur on most Mondays of any given year), as well as detailed reviews that occur during mandatory management meetings scheduled three to five times per year.

## **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 90 days after the fiscal year end of such Fund, as well as quarterly performance reports within 45 days after each fiscal quarter end. Investors in the Funds also receive periodic updates on specific portfolio investments, as well as quarterly letters, materials provided on the website, and through annual investor meetings. Monitor Clipper Partners will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

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

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

While not a client solicitation arrangement, Monitor Clipper Partners will from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Advisory Fees received by Monitor Clipper Partners are generally reduced by the amount of such fees.

## **Item 15. Custody**

Item 15 is not applicable to Monitor Clipper Partners.

## **Item 16. Investment Discretion**

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

## Item 17. Voting Client Securities

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

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

Funds generally cannot direct Monitor Clipper Partners’ Votes.

All Voting decisions are referred to the appropriate investment professional for a voting decision. In most cases, Monitor Clipper Partners’ investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with Monitor Clipper Partners’ Executive Committee as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds’ holdings.

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

address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

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

Copies of relevant logs of Monitor Clipper Partners' votes, identifying how votes were made in connection with a Fund and copies of voting policies are available to any client or prospective client upon written request to: April E. Evans ([SEC-Compliance@monitorclipper.com](mailto:SEC-Compliance@monitorclipper.com)).

#### **Item 18. Financial Information**

Item 18 is not applicable to Monitor Clipper Partners.

#### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to Monitor Clipper Partners.