

# Form ADV, Part 2A: Brochure

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This Brochure provides information about the qualifications and business practices of Riverwood Capital Management L.P. (“Riverwood”), Ironwood Management, LLC (“Ironwood”), and RWCP Capital Management L.P. (“RWCP”). If you have any questions about the contents of this Brochure, please contact us at (650) 618-7300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information is also available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

An investment adviser’s registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**March 30, 2015**

## **Item 2: Material Changes**

This Brochure, dated March 30, 2015, has been prepared by Riverwood as an amendment to the prior version of this Brochure dated March 27, 2014.

We have added Ironwood and RWCP as “relying advisers” to this Brochure, in addition to making other routine updates.

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## **Item 4: Advisory Business**

Riverwood is an investment adviser whose clients are private pooled investment vehicles. Relying advisers, Ironwood and RWCP, are also investment advisers whose clients are private pooled investment vehicles (Riverwood, together with Ironwood and RWCP, are collectively referred to in this Brochure as the “Firm”, “we”, “us” or “our”). Interests in the Firm’s clients are sold to “accredited investors” and/or “qualified purchasers.”<sup>1</sup> Generally, the clients’ investors are high net worth individuals or institutions. Throughout this Brochure, “clients” shall be used to refer to the pooled investment vehicles managed by the Firm and “investors” shall be used to refer to those vehicles’ underlying investors.

Ironwood was formed in 2007. Riverwood was formed in 2008. RWCP was formed in 2011. The Firm’s principal owners are Michael E. Marks, Christopher P. Varelas and Thomas J. Smach.

The Firm primarily provides discretionary advisory services to clients that generally seek to generate capital appreciation by making privately negotiated investments in privately owned companies that operate primarily in growth industries including global technology, technology-enabled and other industries. The Firm may consider investments on behalf of clients in other industries in its sole discretion. With very limited exceptions, the Firm’s investments are limited to private equity investments.

The Firm’s clients may have different investment guidelines.<sup>2</sup> These guidelines may limit the concentration and geography of the clients’ investments or limit the clients’ investments in certain asset classes. The Firm may further tailor its advisory services to the specific needs of a client as may be necessary, appropriate or negotiated from time to time. The Firm does not tailor its advisory services to the specific needs of individual investors.

The Firm does not participate in wrap fee programs.

As of December 31, 2014, the Firm managed \$2,728,033,066 of regulatory assets under management on a discretionary basis and \$236,977,964 of regulatory assets under management on a non-discretionary basis.

## **Item 5: Fees and Compensation**

The Firm is compensated for advisory services by a “management fee” based on capital invested with the Firm and by a share of capital appreciation on its clients’ investments (commonly known as “carried

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<sup>1</sup> The terms “accredited investor” and “qualified purchaser” are defined in the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended. For the purposes of this Brochure, these terms refer to the definitions in these laws. Generally, they refer to high net worth individuals or institutions that can afford to bear the loss of their entire investment with the Firm.

<sup>2</sup> The investment guidelines of each client set forth in that client’s organizational documents, including its limited partnership agreement/limited liability agreement and offering memorandum.

interest”). The carried interest is received by a client’s general partner or member, which is an affiliate of the Firm. This compensation is negotiated separately with each client.

Annual management fees are generally calculated as a percentage of a client’s committed capital during the investment period and thereafter as a percentage of invested capital. The management fee payable by a client is typically 2% but there may be variations in the fee rate for different clients. Management fees are generally due quarterly in advance and are deducted from a client’s account when billed. In the extremely unlikely event that an advisory contract is terminated before the end of a management fee period, the Firm will refund the overpayment of the management fee (computed on the basis of the number of days elapsed).

Carried interest is calculated as a percentage of profits after investors have received a preferred return. Typically, carried interest payable by a client is 20%.

The Firm may receive certain fees from portfolio companies, such as “transaction” fees or “monitoring” fees, in connection with activities performed on behalf of clients. Generally, 50%–100% of such fees paid to the Firm, net of expenses related to the activities leading to the receipt of such fees, will reduce the management fee paid by investors.

The Firm’s clients will bear all expenses related to their own operations, which may include:

- i. Fees, costs and expenses of tax advisors, accountants, legal counsel, auditors, consultants and other professionals and service providers;
- ii. All out-of-pocket fees, costs and expenses, if any, incurred in developing, investigating, negotiating, structuring, and disposing of portfolio investments and in connection with unconsummated investment opportunities, including, without limitation, any financing, legal, accounting, advisory and consulting expenses in connection therewith;
- iii. Broken deal expenses;
- iv. Brokerage commissions, custodial expenses, agent bank and other bank service fees and other investment costs, fees and expenses actually incurred in connection with portfolio investments;
- v. Interest on and fees and expenses arising out of all borrowings made by the client;
- vi. The costs of any (a) litigation, (b) directors and officers liability and other insurance for the client, its general partner, Riverwood and their affiliates, and (c) any indemnification or extraordinary expense or liability relating to the affairs of the client;
- vii. Any taxes, fees or other governmental charges levied against the client and all expenses incurred in connection with any tax audit, investigation, settlement or review of the client;
- viii. Expenses of any meeting of the investors or investor advisory board, if any; and
- ix. Expenses incurred in connection with complying with provisions in side letter agreements, including “most favored nations” provision.

Clients will also bear organizational expenses and liquidation expenses.

In the event that the Firm uses a third party placement agent, unless otherwise prohibited by applicable law or regulation, the management fee to which the Firm is entitled to is reduced by 100% of any

placement agent fees, expenses or commissions paid by the Firm's clients. To the extent that the Firm's clients may incur brokerage fees or other transaction costs, these costs will be borne by the respective client. Please see Item 12 for further information regarding the Firm's brokerage procedures.

Neither the Firm nor its personnel accepts compensation for the sale of securities or other investment products.

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

A general partner or member of the Firm's clients, which is an affiliate of the Firm, accepts a performance-based fee allocated as a share of capital appreciation of its clients' assets. This performance based-fee is referred to as "carried interest". All of the Firm's clients pay carried interest. However, there may be variations in fee rate and calculation methodology for different clients.

The payment by some clients of carried interest or the payment of carried interest at varying rates (including varying effective rates based on the past performance of a client) may create an incentive for the Firm to disproportionately allocate time, services or functions to clients paying carried interest or clients paying carried interest at a higher rate, or allocate investment opportunities to such clients. Generally, and except as may be otherwise set forth in the governing documents of the clients, this conflict is mitigated by (i) certain limitations on the ability of the Firm to establish new investment funds, (ii) contractual provisions requiring certain clients to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

In addition, carried interest may create an incentive for the Firm to make riskier or more speculative investments on behalf of a client than it would otherwise make in the absence of such performance-based arrangement. However, the Firm's investment professionals have invested material amounts in the clients, which should reduce this incentive.

## **Item 7: Types of clients**

The Firm provides investment advice to private pooled investment vehicles. Throughout this Brochure, "clients" shall be used to refer to these pooled investment vehicles. Investors in the Firm's clients may include high net worth individuals and institutions, trusts, pension plans, endowments, foundations, pooled investment vehicles (e.g., funds of funds) and other corporate or other business entities. These clients are neither registered under the Investment Company Act of 1940, nor are their interests registered under the Securities Act of 1933. Accordingly, interests are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions.

The minimum initial investment varies by client, however, generally investors commit a minimum of \$1 million. Lesser amounts may be accepted at the Firm's discretion.

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

### **1. Investment Strategy and Methods of Analysis**

The Firm's general strategy is to make private equity investments primarily in growth industries, including global technology, technology-enabled and other industries. The Firm may selectively consider investments in industries where it believes its strategic, financial and global operating experience presents an opportunity to create value.

The Firm's investment professionals will seek to thoughtfully identify and evaluate opportunities in growth industries, including the technology and related sector. Following investment, the Firm expects to provide the companies in which it invests (referred to in this Brochure as "portfolio companies") with the resources and guidance needed to execute their growth plan.

#### ***Identifying and Sourcing Opportunities***

The Firm seeks to invest in companies that have significant opportunities for growth or face strategic or operational issues that can be addressed by the Firm's involvement. The Firm may identify investment themes based on macroeconomic or industry conditions or individual company performance and use these themes to identify prospective portfolio companies.

The Firm utilizes its network of industry contacts to source investment opportunities. The Firm's industry network has been formed through its investment professionals' years of experience operating and advising global technology businesses, extensive personal relationships and interactions with global technology executives and others involved in the technology industry. To augment its resources, the Firm has created a Strategic Advisory Board consisting of current and former technology industry executives. This network of business advisors is expected to enhance the Firm's ability to source opportunities. In order to capitalize on an investment theme, the Firm may take advantage of situations including (but not limited to) carve-outs, spin-offs and divestitures; structured minority and strategic investments; acquisition finance (wherein a portfolio company seeks a private equity investment for capital to make accretive acquisitions); turnarounds; distressed companies; and private and public control buyouts.

#### ***Due Diligence***

The Firm has a disciplined and rigorous approach to conducting due diligence on prospective portfolio companies. The Firm's due diligence methodology generally includes review of the following factors:

- *Historical Financial Performance.* The Firm typically conducts full management and financial due diligence of prospective portfolio companies. The Firm uses this information to analyze the company's historical growth, margin and cash flow performance. The Firm may use this information to develop insights into the strengths and weaknesses of such companies.
- *Detailed Analysis of Profit Drivers.* The Firm typically examines revenues, profits and cash flow by each business unit to determine what new strategies could be adopted to drive value. These

strategies may include, without limitation, geographic expansion, increase of market share and new business lines.

- *Market and Competitive Assessment.* The Firm typically develops a view of the industry sector, including macroeconomic drivers, competitive overview and history. The Firm typically will utilize its own internal resources, including its Strategic Advisory Board, along with outside consultants and other professionals, to make these assessments.
- *Management Evaluation.* The Firm typically conducts site visits and survey customers and suppliers to ensure that portfolio company management meets its standards. The Firm looks for portfolio company management that is open to change and willing to work with it.
- *Technology Evaluation.* The Firm will evaluate the portfolio company's technology and product strategy, including the company's intellectual property and engineering talent as well as the overall design of its products. The Firm will rely on both its own internal technical skills and, where it deems necessary, on third-party feedback to make this evaluation.
- *Value Creation Plan.* Prior to investment, the Firm will create a business plan delineating the company's strategic objectives with a clear action plan.

Working with management, the Firm will seek to be flexible and creative in designing an investment structure to enable and enhance the company's ability to achieve its business plan. The Firm will typically seek board representation often times with the contractual right to be involved in operational, strategic, financial and governance matters, regardless of ownership stake.

### ***Portfolio Company Involvement***

Once an investment has been made, the Firm will seek to take an active role in the management of the portfolio company to attempt to assist with the realization of the company's strategic objectives and growth plan. The Firm will seek representation on the company's board of directors and will attempt to provide expertise on the management of the company. Where applicable, we will focus on the following aspects:

- *Strategy.* The Firm will seek to stay actively involved in strategic planning efforts after making an investment. We typically will attempt to ensure that immediately following the closing of a transaction, there is a plan in place to address the most significant issues identified in diligence.
- *Technology.* The Firm believes that its investment professionals are well positioned to evaluate a company's technology position and create a technology business plan to attempt to create growth.
- *Operations.* The Firm will attempt to leverage its investment professionals' global operating experience to implement (i) best practices for business and strategic planning, (ii) methods for diagnosing and monitoring key operating activities, and (iii) metrics, design of management compensation schemes and human resource management.
- *Executive Recruitment and Evaluation.* The Firm will seek to be actively involved in recruiting and hiring key executive management for portfolio companies where necessary.



- *Interim Management Responsibilities.* The Firm will attempt to be extremely active in any portfolio company that is not meeting expectations, including assuming executive management roles at critical times.
- *Reduce Costs.* The Firm's investment professionals will attempt to improve margins by assisting portfolio company management to implement cost savings through operation and strategic best practices.
- *Capital Structure Design.* The Firm's investment professionals have substantial experience and a broad base of contacts to support the execution of complex financings and to provide leadership on capital structure design.
- *New Business Development.* The Firm will seek to utilize its industry networks to assist portfolio companies to establish dialogues with customer prospects.
- *Mergers and Acquisitions.* The Firm will attempt to effect consolidation in order to support strategic objectives. Our investment professionals have extensive experience effecting mergers and acquisitions.
- *Geographic Expansion.* The Firm's investment professionals have substantial international operating experience and relationships to help portfolio companies expand their businesses outside of their home markets.
- *Supply Chain Procurement.* In the past, some of the Firm's investment professionals have experience building supply chains and developing industry standards for low-cost production. We will attempt to utilize this experience to improve operational aspects of its portfolio companies' businesses.

### ***Exit Strategy***

The Firm believes that the successful realization of an investment requires an ongoing evaluation of exit strategies, beginning at the due diligence stage. At the time of an investment, our principals expect to evaluate the alternatives, timing and economic and other considerations associated with various exit strategies. Clients will typically invest with the expectation of holding investments for a four-to six-year period.

## **2. Risk Factors**

Investing in securities involves a risk of loss that investors should be prepared to bear. This section describes certain risks specifically related to the Firm's investment strategy and certain specific types of securities in which the Firm will direct clients to invest. It is not a comprehensive list of all risks associated with investments in the securities market or with the Firm's investment strategies. Prospective investors to a client should carefully review, in its entirety, the client's offering memorandum and limited partnership agreement (or other applicable organizational documents), which include a more complete description of risk factors associated with an investment in such client.

### ***No Assurance of Investment Return***

The Firm and its clients cannot provide assurance that they will be able to choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that the Firm

will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions in which the Firm intends to invest on behalf of its clients.

There can be no assurance that expected returns for the Firm's clients will be achieved, or that an investor will receive a return of its capital. An investment in a client should only be considered by persons who can afford a loss of their entire investment. The Firm's investments, by their nature, involve a high degree of financial risk.

### ***Competition for Investments***

The Firm will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than the Firm. The Firm expects that competition for appropriate investment opportunities may increase, which may also require its clients to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Firm's clients and/or adversely affecting the terms upon which investments can be made. To the extent that the Firm encounters competition for investments, returns to investors may decrease.

### ***Risk of Investment Concentration***

The Firm's clients may participate in a limited number of investments and, as a consequence, the aggregate return of a client may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all client investments cannot reasonably be expected to perform well or even return capital, for a client to achieve above-average returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, investors have no assurance as to the degree of diversification of the Firm's investments, either by geographic region, asset type or sector. To the extent the Firm concentrates client investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions with respect thereto.

### ***Concentration of Investments in Technology Industries***

Some clients' portfolio companies will be concentrated primarily in the technology sector. Concentration in a single industry may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The technology industry is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products. Clients' portfolio companies will compete in this volatile environment.

There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges.

#### ***Reliance on Portfolio Company Management Teams***

Each portfolio company's day-to-day operations will be the responsibility of that company's management team. Although the Firm will be responsible for monitoring the performance of each investment and seeks to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully. In addition, the Firm will generally establish the capital structure of companies in which clients invest on the basis of financial projections for such companies. Projected operating results will normally be based primarily on the judgment of the management of the portfolio company. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

#### ***Investments with Third Parties***

The Firm's clients may co-invest with third parties (including through partnerships, joint ventures or other entities), acquiring non-controlling interests in certain portfolio companies. The Firm may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such portfolio investments may involve risks not present in portfolio investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties resulting in a negative impact on such portfolio investments, may have economic or business interests or goals which are inconsistent with those of the Firm, or may be in a position to take action contrary to the Firm's investment objectives.

#### ***Risks in Effecting Operating Improvements***

In some cases, the success of a client's investment strategy will depend, in part, on the ability of the Firm to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Firm will be able to successfully identify and implement such improvements.

#### ***Control Position Risk***

Although non-control investments may also be made, the Firm may also make investments on behalf of its clients to acquire control or exercise influence over management and the strategic direction of the portfolio company. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristics of business operations generally may be ignored. The exercise

of control over a portfolio company could expose client assets to claims by the shareholders and creditors of the company.

### ***Minority Investments***

The Firm's clients may invest in minority positions of companies and in companies for which the Firm has no right to exert significant influence. In such cases, the Firm will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Firm is not affiliated and whose interests may conflict with the interests of the Firm's clients.

### ***Investments in Smaller or Less Established Companies***

The Firm may invest a portion of its clients' assets in the securities of smaller or less established companies. Portfolio investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. To the extent there is any public market for the securities held by the clients, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.

### ***Illiquid and Long-Term Investments***

An investment with the Firm requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to investors. Many of the portfolio investments will be highly illiquid and there can be no assurance that clients will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions of the portfolio company's securities (known as "in-kind" distribution) to investors. While a portfolio investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a portfolio company is made. Clients will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Securities Act"), or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, clients may be prohibited by contract from selling certain securities for a period of time. Even where a client holds freely tradable publicly traded securities, its investment position may represent a significant portion of the outstanding public securities of a particular company, creating a degree of illiquidity when a client wishes to dispose of or reduce its position in such company by selling shares into the market.

### ***Investments Longer than Term***

The Firm may make investments which may not be advantageously disposed of prior to the date that its clients' investment program is scheduled to end. Although the Firm expects that investments will be disposed of prior to this date or be suitable for in-kind distribution at this date, under certain circumstances clients may have to sell, distribute or otherwise dispose of investments at a

disadvantageous time. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur.

### ***Investments in Restructurings***

The Firm's clients may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject clients to certain additional potential liabilities that may exceed the value of the clients' original investments therein.

### ***Speculative Nature of Investments in Distressed Debt***

The Firm's clients may from time to time invest in distressed debt securities and instruments. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Investments in distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk.

### ***Non-U.S. Investments***

The Firm expects to make investments outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and various foreign currencies, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (v) less developed corporate laws regarding fiduciary duties and the protection of investors.

### ***Use of Leverage***

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Client investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks (as well as particular risks associated with investing in technology companies described above) may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a client may suffer a partial or total loss of capital invested in the company. The Firm

may also obtain leverage at the client level on a deal by deal basis. Although borrowings by clients have the potential to enhance overall returns that exceed a client's cost of funds, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the client's cost of funds. In addition, borrowings by a client may be secured by the client's capital as well as by the client's assets.

### ***Bridge Financings***

From time to time, the Firm's clients may lend capital to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Firm's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Firm's clients.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or an investor's evaluation of the Firm's advisory business or the integrity of its management.

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

### **1. Affiliated Investment Advisers**

Riverwood Capital Management L.P. ("Riverwood") is affiliated with Ironwood Management, LLC ("Ironwood") and RWCP Capital Management L.P. ("RWCP"), which are also investment advisers. In addition to Ironwood and RWCP, the Firm is also affiliated with Riverwood Capital L.P., Riverwood Capital II L.P., RCV Capital L.P. and RWCP Capital, L.P. Each of these entities serves as a general partner of a client (or clients) advised by the Firm. Ironwood, RWCP and these GP entities are "relying advisers" of Riverwood in reliance on a position expressed by the U.S. Securities and Exchange Commission ("SEC") staff in 2012, and will not separately register with the SEC as investment advisers. The information in this Brochure regarding the advisory services provided by the "Firm" applies to and includes Riverwood's relying advisers.

Ironwood currently advises one client. The clients of Riverwood and Ironwood share a similar investment strategy; however, Ironwood's client is no longer making new investments. It may only make, from time to time, "follow-on" investments in companies in which it has already invested capital. In the event that Riverwood recommends to its client(s) an investment in a company in which Ironwood's client has previously invested, Riverwood will first obtain the consent of its client's limited partner advisory board before making such investment.

RWCP currently has two clients: a venture capital fund; and a co-investment fund that invests, from time to time, alongside clients of Riverwood (the "Co-Investment Vehicle"). The investment strategy of the venture capital fund is substantially different from that of Riverwood's clients. The investment strategy

of the Co-Investment Vehicle is similar to that of Riverwood's clients. Where there is a co-investment opportunity, RWCP may recommend to the Co-Investment Vehicle an investment in the same company as Riverwood's clients; however, the Co-Investment Vehicle will always make significantly smaller investments than Riverwood's clients. If Riverwood's clients and the Co-Investment Vehicle determine to invest in the same company, the investment shall be allocated fairly to all clients of both advisers, taking into account all relevant concerns, including capital available for investment, desired order size and any other factors deemed relevant by Riverwood and RWCP. For all such co-investments, Riverwood's clients and the Co-Investment Vehicle will participate on the same economic terms and conditions, and shall sell or otherwise dispose of their interests at the same time on substantially the same terms.

## **2. Other Financial Industry Affiliations**

Riverwood has an arrangement with Walden International whereby Riverwood has a greater than 25% economic interest in a general partner entity called Walden Riverwood GP LLC ("Walden Riverwood GP"), and a management company called Walden Riverwood Management Company, LLC ("Walden Riverwood Management Co", and together with Walden Riverwood GP, the "Walden Entities"). Pacven Walden Management Company, Ltd. is responsible for the day-to-day management of the Walden Entities, whose clients are venture capital funds. Clients of the Walden Entities and the Firm's clients generally do not invest in the same portfolio companies. A director of the Firm is a member of the Investment Committee of the Walden Riverwood GP and certain members of the Firm's investment team may, from time to time, provide investment service to the Walden Riverwood GP; however, the Firm and the Walden Entities are not operationally integrated.

Neither the Firm nor any management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Firm nor any management person is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of any of the foregoing entities.

The Firm does not recommend or select other investment advisers for clients.

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

### **1. Code of Ethics and Personal Trading**

As an investment adviser, the Firm stands in a position of trust and confidence with respect to its clients. The Firm has a fiduciary duty to place the interests of its clients before its own interests and the interests of its employees. All of the Firm's personnel must put the interests of clients before their own personal interests and must act honestly and fairly in dealings with clients. All of the Firm's personnel must also comply with all federal and other applicable securities laws. The Firm has developed a compliance program to establish these rules of conduct for its personnel.

As part of its compliance program, the Firm has adopted a personal trading policy requiring all personnel to disclose all holdings in “Reportable Securities” as defined by the Advisers Act, in personal trading accounts and certain personal securities transactions in a timely manner. The Firm also maintains a “restricted list” of companies about which a determination has been made that it is prudent to restrict trading activity by the Firm and/or its personnel. Generally, an employee may not trade securities of a company included on the restricted list without first obtaining pre-approval from the Firm’s Chief Compliance Officer. Additionally, employees may not make an investment in a private security without pre-approval from the Chief Compliance Officer. Factors to be taken into account in such prior approval include, among other considerations, whether the investment opportunity is appropriate for the Firm’s client(s) and whether it should be considered on behalf of the Firm’s client(s).

The Firm has also adopted policies regarding the control of non-public information, outside business activities, political contributions and gifts and entertainment. The Firm’s compliance program is designed to promote the ethical behavior of all of the Firm’s personnel and to ensure compliance with applicable regulation and best practices. The Firm will provide a copy of its Code of Ethics to any investor or prospective investor upon request.

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

The Firm’s clients are typically structured as limited partnerships where an affiliate of the Firm serves as the general partner and may make a capital commitment to the client. With respect to Riverwood’s clients and one client of RWCP, the general partner’s capital commitment is not subject to management fees or carried interest. While an affiliated general partner may have a financial interest in a client, the Firm believes that their interests are aligned with those of the client’s investors because the general partner makes capital contributions and receives distributions from the client on the same terms and conditions as the other investors, and particularly with respect to Riverwood’s clients and one client of RWCP, the general partner only receives carried interest distributions after investors have received a return meeting certain pre-agreed hurdles, as more fully described in the relevant limited partnership agreement governing the fund. Accordingly, the Firm believes that neither it, nor its affiliates, have a conflict of interest with respect to these arrangements.

The Firm does not engage in transactions between proprietary accounts and client accounts. If the Firm determines to engage in such transactions in the future, the Firm will first obtain consent of the client’s limited partner advisory board.

## **3. Other Conflicts of Interest and Disclosures**

### ***Allocation of Investment Opportunities***

The Firm may encounter situations where an investment opportunity falls within the investment objective of more than one client and must determine how to allocate such opportunity among its clients. The Firm generally allocates investment opportunities to clients on a basis that it reasonably determines in good faith to be fair and reasonable, taking into account a number of factors, including



but not limited to, the nature of the investment focus of each client, the relative amounts of capital available for investment, the size and stage of the investment, and any requirements contained in the governing documents of such clients. In the event the Firm determines that there is an actual or potential conflict of interest, it will present such matter to the client's limited partnership advisory committee for review and approval.

### ***Transactions with Investors***

The Firm, its clients or portfolio companies from time to time may engage in transactions with prospective and actual investors that entail business benefits to such investors. The nature of such transactions can be diverse and may include benefits relating to one or more clients and/or their respective portfolio companies.

### ***Side Letters***

The Firm or its clients have and may in the future enter into agreements, or "side letters", with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the client's offering memorandum and limited partnership agreement (or other applicable organizational documents). The modifications are solely at the discretion of the Firm and may, among other things, be based on the size of an investor's investment in a client. The Firm and its clients generally have no obligation to disclose the details of these side letters to all the investors in the relevant client.

## **Item 12: Brokerage Practices**

Due to the nature of the Firm's investment strategy, the Firm expects substantially all of its clients' investments to be privately negotiated directly with its portfolio companies. As such, the Firm does not anticipate utilizing brokers or dealers regularly. Where the Firm determines to utilize a broker or a dealer to transact on behalf of clients, it shall evaluate such broker or dealer based on a range of factors, including without limitation commission price, willingness to commit capital, and ability to execute the desired transaction.

The Firm does not receive client referrals from brokers-dealers, nor does it receive any "soft dollar" benefits. Additionally, the Firm does not have any directed brokerage practices.

## **Item 13: Review of Accounts**

The Firm's partners, investment principals and associates are responsible for reviewing client holdings on an ongoing basis to determine if there have been any significant changes to any investments. Each investment will be reviewed whenever there is a major event or market shift affecting the portfolio company or its exit options. In these reviews, the Firm will re-examine its investment hypothesis, update forecasts of portfolio company performance and project the investment's return opportunity before deciding the timing for realization.

Investors receive written quarterly reports related to their investment in a client. A typical report includes: a letter from the general partner and overview of the fund's performance, a portfolio update, a schedule of investments, and financial statements.

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

No one other than clients provides economic benefits to the Firm for providing investment advice or other advisory services to clients.

The Firm may receive certain fees from portfolio companies, such as "transaction" fees, "monitoring" fees or non-cash compensation, in connection with activities performed on behalf of clients. Generally, 50%-100% of such fees paid to the Firm or a member of the Firm, net of expenses related to the activities leading to the receipt of such fees, will reduce the management fee paid by investors.

The Firm does not compensate a third party for client referrals. However, the Firm may compensate a third party placement agent for investor referrals. In such cases, investors are notified of the material facts of such solicitation arrangements, and any compensation paid by investors to the third party placement agent reduce the investor's management fee by the same amount, unless prohibited by applicable law or regulation.

#### **Item 15: Custody**

The Firm is deemed to have custody of client funds because an affiliate acts as the general partner to its clients. Client assets are held in the name of the client, or in an account for the benefit of the client, by an independent qualified custodian, or client assets are private, uncertificated securities recorded on the books and records of the issuer in the name of the client.

The Firm distributes quarterly reports to its clients and typically its clients are audited annually. Such audited financial reports are distributed to investors. Where the Firm engages an auditor to perform a surprise examination of a client's assets, a qualified custodian will send a quarterly account statement directly to investors. If an investor receives such a statement from a custodian, they are urged to review those statements carefully and compare them to statements received from the Firm.

## **Item 16: Investment Discretion**

The Firm typically has discretionary investment management authority for its clients. While the general partner of a client is responsible for the management, policies and operations of the fund, it grants authority to the Firm to make investment recommendations and monitor investments, as more fully described in the investment advisory agreement executed among the general partner, client, investors and the Firm at the outset of the advisory relationship. In all cases, however, this discretion is to be exercised in a manner consistent with the investment strategy and objectives of the client. When making investment recommendations, the Firm observes the investment policies, limitations and restrictions that are applicable to the client's account.

## **Item 17: Voting Client Securities**

The Firm has full authority to vote client securities. Due to the Firm's investment strategy and the nature of investments generally recommended by the Firm, it does not anticipate frequently holding public securities with voting authority on behalf of its clients, and therefore the proxy voting policies will not generally apply.

If the clients do hold public securities with voting authority, the Firm shall vote in the best interests of clients. The Firm expects to frequently take an active role in the management of its portfolio companies and therefore, will generally vote with management. In some instances, such as in the event of conflict of interests, the Firm may determine that it is in a client's best interest to abstain from voting.

Investors may obtain a copy of the Firm's proxy voting policy and/or a record of all proxy votes cast by that client at the direction of Riverwood by contacting Riverwood by email at [investor\\_relations@rwcm.com](mailto:investor_relations@rwcm.com) or by telephone at (650) 618-7300.

## **Item 18: Financial Information**

The Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. There is no financial condition that impairs the Firm's ability to meet contractual commitments to its clients. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

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

Not applicable.