

**PART 2A OF FORM ADV**

**FIRM BROCHURE**

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**This Brochure provides information about the qualifications and business practices of Insignia Capital Group, LLC. If you have any questions about the contents of this Brochure, please contact Pradyut Shah at 925-399-8903 or by e-mail at [pshah@insigniacap.com](mailto:pshah@insigniacap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. The Adviser is a registered investment adviser. This registration does not imply any level of skill or training.**

**Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2 – Material Changes

This is the first version of Insignia Capital Group, LLC's Brochure. Accordingly, there are no prior versions of the Brochure and no material changes to be noted. In the future, when Insignia Capital Group, LLC amends its Brochure for its annual update (or otherwise) and the amended version contains material changes from the last annual update, it will identify and discuss those changes either on this page or as a separate document accompanying the Brochure.

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#### Item 4 – Advisory Business

Insignia Capital Group, LLC, a Delaware limited liability company (the “Adviser” or “Insignia”) formed in 2011, provides discretionary investment advisory services to Insignia Capital Partners, L.P. (the “Fund”) and Insignia Capital Partners (Parallel A), L.P. (the “Parallel Fund”) (together, the “Combined Funds”), Delaware limited partnerships that are private investment funds. Insignia Capital Partners GP, L.L.C., a Delaware limited liability company and an affiliate of the Adviser (the “General Partner”), serves as the general partner of the Fund and the Parallel Fund.

Insignia focuses on companies in the lower middle-market with low capital intensity, defensible market positions and good growth prospects. Insignia seeks to generate attractive returns by capitalizing on its strategic and operational experience to proactively and significantly improve company performance and achieve superior growth through business excellence. Each Combined Fund’s investment objectives and/or parameters are set forth in such Combined Fund’s governing documents and the private placement memorandum with respect thereto (the “Fund Documents”) provided to each investor in such Combined Fund (each, an “Investor” or “Limited Partner”). Unless otherwise expressly stated herein, the terms “Fund,” “Parallel Fund” and “Combined Funds” do not include “Investors.”

The Adviser does not tailor its advisory services to the individual needs of Investors, and Investors may generally not individually impose restrictions on investing in certain securities or types of investments. The Combined Funds’ Fund Documents set forth the Combined Funds’ investment strategy, including guidelines regarding the types of securities the Combined Funds will invest in and portfolio limits (if any).

The Adviser or the General Partner may from time to time cause the Fund to enter into side letter agreements or other similar agreements with one or more Investors that provide such Investors with terms additional to or different from those set forth in the Fund Documents.

The Adviser is principally owned by David Lowe, CEO & Managing Member. The general partner of the Combined Funds is the General Partner, which is principally owned by David Lowe.

The Adviser does not participate in wrap fee programs.

As of the date of this brochure, Insignia has a total of \$200,765,000 in regulatory assets under management across the Combined Funds, but expects, following the effectiveness of Insignia’s registration with the SEC as a registered investment adviser, to manage approximately \$350 million and up to \$400 million of assets of the Combined Funds, all of which will be managed on a discretionary basis.

#### Item 5 – Fees and Compensation

As further described below, Insignia is compensated for advisory services by a “management fee” based on capital invested with Insignia and by a share of capital appreciation on each Fund’s investments (commonly known as “carried interest”). The carried interest is received by the General Partner. This compensation is negotiated separately with each Combined Fund. Each investor in each Combined Fund is a “qualified purchaser.”

### Management Fees

The Fund pays Insignia a management fee of 2.0% per annum of aggregate capital commitments during the investment period, as defined in the Fund's limited partnership agreement, and will pay a management fee of 1.5% per annum of invested capital thereafter, provided that the General Partner does not pay Insignia any management fees. The management fee is payable quarterly in advance. In the case where the advisory agreement with the Fund is terminated, the Adviser shall refund the overpayment of the management fee (computed on the basis of the number of days elapsed). Any amount of Organizational Expenses (see definition below) borne by the Fund in excess of \$2 million will reduce the management fee otherwise payable by the Fund by an identical amount. There will be a 100% offset of the management fees otherwise payable by the Fund for any transaction, directors', consulting, monitoring, closing, topping and break-up fees paid to the Adviser.

### Carried Interest

The General Partner has 20% carried interest in the Fund. Subject to any necessary withholdings, the distribution of proceeds from any portfolio investment will be as follows:

- (i) First, 100% to the Limited Partners until they have received distributions from such portfolio investment and all realized portfolio investments that have been disposed of ("Realized Investments") equal to (i) their capital contributions for all Realized Investments and (ii) their direct payments or capital contributions for organizational expenses, management fees and partnership expenses allocable to the Realized Investments.
- (ii) Second, 100% to the Limited Partners until the cumulative distributions of proceeds represent an 8% compounded annual rate of return on the Limited Partner's capital contributions attributable to Realized Portfolio Investments.
- (iii) Third, 100% to the General Partner until the cumulative distributions to the General Partner from Realized Investments equal 20% of the total amounts distributed to Limited Partners.
- (iv) Thereafter, 80% to the Limited Partners and 20% to the General Partner.

Neither Insignia nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

The Parallel Fund is subject to different fees and terms that have been individually negotiated with the investor in the Parallel Fund.

**It is important that Limited Partners refer to the applicable Fund Documents for a complete understanding of how the Adviser and the General Partner are compensated for services. This is particularly true with respect to performance-based compensation. The information contained herein is a summary only and is qualified in its entirety by such documents.**

### Expenses

The General Partner, the Adviser and their affiliates, but not the Fund or any Limited Partner, shall primarily bear and be charged with the following costs and expenses of the Fund's activities: (a) any costs and expenses of providing to the Fund the office overhead necessary for the Fund's operations and (b) the

compensation of the General Partner's and the Adviser's personnel. In addition, the General Partner, the Adviser or their affiliates may, at their option, elect to pay all or any portion of Partnership Expenses (see definition below).

The Fund shall bear and be charged with the following expenses of the Fund (collectively, the "Partnership Expenses"):

- (i) fees, costs and expenses for outside tax advisors, accountants, third-party administrators, attorneys, auditors, custodians, consultants, brokers, agents, valuation firms and other professionals and service providers;
- (ii) all out-of-pocket fees, costs and expenses, if any, incurred in developing, investigating, negotiating, structuring, trading, settling, monitoring, holding and disposing of actual portfolio investments, including, without limitation, any financing, legal, accounting, advisory and consulting expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Fund invests or other third parties);
- (iii) broken deal expenses, to the extent not reimbursed by an entity in which the Fund has invested or proposes to invest or by other third parties or capitalized as part of an acquisition;
- (iv) brokerage commissions, custodial expenses, agent bank and other bank service fees and other investment costs, fees and expenses actually incurred in connection with the making, holding, settling, monitoring or disposing of actual portfolio investments;
- (v) interest on and fees and expenses arising out of all borrowings made by the Fund, including, but not limited to, the arranging thereof;
- (vi) the costs of any (x) litigation, (y) directors and officers liability or other insurance for the Fund, the General Partner, the Adviser and their affiliates, and (z) any indemnification or extraordinary expense or liability relating to the affairs of the Fund;
- (vii) Organizational Expenses (see definition below);
- (viii) expenses of liquidating the Fund;
- (ix) any out-of-pocket expenses incurred in connection with the Fund's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation;
- (x) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; and
- (xi) the expenses of the Fund's LP advisory committee and meetings of Limited Partners as provided in Fund Documents.

Please see Item 12 for further information regarding Insignia's brokerage procedures.

The Combined Funds shall bear and be charged with all out-of-pocket expenses incurred in connection with the organization and startup of the Combined Funds and the marketing and offering of interests

therein and the organization and startup of the General Partner and the Adviser, including without limitation any related legal and accounting fees and expenses, travel expenses, capital raising expenses, filing fees and other organizational expenses (collectively “Organizational Expenses”); provided, that the management fees otherwise payable by the Combined Funds to the Adviser will be reduced by 100% of the amount of Organizational Expenses paid in excess of \$2,000,000, if any, and further provided that the General Partner shall not bear nor be charged with any Organizational Expenses.

#### Item 6 – Performance-Based Fees and Side-by-Side Management

As described in Item 5, the Adviser (or its affiliate, the General Partner) is, with respect to the Combined Funds, eligible to receive performance-based compensation upon the distribution of investment proceeds. Such fees may create an incentive for Insignia to make investments that are riskier or more speculative than in their absence. Insignia addresses this potential conflict through regular monitoring of the Combined Funds’ portfolios, as described in Item 13 of this Brochure, in order to help ensure that the Combined Funds’ investments are consistent with the Combined Funds’ investment guidelines and risk management policies. In addition, the General Partner, which includes individuals who are also management and employees of Insignia, intends to co-invest a substantial amount of capital in the Combined Funds, thus meaningfully aligning the interests of Insignia with the interests of the Combined Funds. Further, the Fund Documents provide Limited Partners and potential Limited Partners with extensive disclosure regarding the potential risks relating to an investment in the Combined Funds, including material conflicts of interest.

**Complete fee disclosures are provided to Limited Partners in the Fund Documents, and prospective Limited Partners should review such disclosures carefully.**

#### Item 7 – Types of Clients

The Adviser provides investment advisory services to pooled investment vehicles operating as private investment funds. Investors in such vehicles include high net worth individuals, trusts, pension plans and investment companies.

The Fund offers interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. Admission to the Fund is not open to the general public.

The minimum capital commitment from an Investor in the Fund is \$5,000,000, although lesser commitment amounts may be accepted at the discretion of the Adviser (or the General Partner).

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

Insignia’s roadmap for success involves the following approach:

- 1) Differentiated value creation strategy through proven strategic and operational value-added initiatives.
- 2) Proactive, targeted focus on a limited number of attractive industry sectors.
- 3) Focus on control buyouts, with flexibility to make influential minority investments.
- 4) Rigorous and collaborative investment process, from deal sourcing to investment realization.

## Investment Strategy and Process

The Fund focuses primarily on control buyouts in companies in the North American lower middle-market with low capital intensity, defensible market positions and good growth prospects. The Fund seeks to generate attractive returns by capitalizing on the Insignia's strategic and operational experience to proactively and significantly improve company performance and achieve superior growth. As appropriate, Insignia:

- Leads strategic and operational business planning and improvement processes.
- Trains and develops management in best practices and continuous improvement tools.
- Enhances business-critical infrastructure.
- Recruits highly-talented senior executives and Board members from extensive networks.
- Leads Board decision-making.
- Drives add-on acquisitions and capital markets strategies.
- Supplements management in interim senior executive roles when necessary.

Insignia focuses primarily and proactively on a few identified industry sectors in which Insignia believes there are attractive lower middle-market investment opportunities with potential for high returns on invested capital and manageable exposure to recessionary cycles. Insignia targets sectors where Insignia has prior experience and believes it can leverage its strategy to realistically and proactively add value. Insignia currently targets the following sectors: Consumer, Business Services and Healthcare, but it may from time to time identify new niche sectors for investment that fit Insignia's basic investment criteria and strategy. Insignia periodically revalidates the attractiveness of targeted sectors by evaluating the market size, growth characteristics, competitive dynamics, regulatory landscape, valuations and other underlying fundamentals of such sectors, and retains the flexibility to ultimately determine whether to invest in any given sector. Insignia intends to target a balanced risk-adjusted portfolio diversified across attractive industry sectors.

Insignia employs a systematic and comprehensive due diligence process leveraging both internal and proven external resources, with due diligence findings reviewed periodically by all investment professionals. The process is typically conducted in a prioritized manner to ensure that critical issues are investigated upfront and generally involves in-depth evaluation of many factors that could affect the outcome of the investment. The ultimate objective of the due diligence process is to confirm and/or refine the investment thesis and, as appropriate, develop or modify post-investment strategic and operating plans.

## Market and Investment Risks

Investing in securities, including interests in the Fund, involves risk of loss that the Fund and Investors should be prepared to bear, including the risk of loss of the entire amount invested.

### Market Risks Generally

All securities investments risk the loss of capital. No guarantee or representation is made that the Fund will achieve its investment objective or that Investors will not lose all or substantially all of their investment in the Fund.

### Economic Conditions

Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and



many other factors can affect substantially and adversely the business and prospects of the Fund and of the businesses that it may invest in. None of these conditions is within the control of Insignia.

#### No Assurance of Investment Return

The Fund cannot provide assurance that they will be able to choose, make and realize investments in any particular company or portfolio of companies, and the Fund cannot provide any assurance of an investment return. An investment in the Fund should only be considered by persons who can afford a loss of their entire investment.

#### Reliance on the General Partner and the Adviser

Decisions with respect to the management of the Fund will be made by the General Partner. The General Partner and the Adviser will have exclusive responsibility for the Fund's activities. The success of the Fund will depend on the ability of the General Partner to identify and consummate suitable investments and to dispose of investments of the Fund for a profit. The loss of the services of one or more of Insignia's key personnel could have an adverse impact on the Fund's ability to realize its investment objectives. There can be no assurance that each of the key employees of Insignia will continue to be affiliated with the Fund through its anticipated term.

If at any time a key person event, as defined in the Fund's limited partnership agreement, occurs, the General Partner will promptly give notice of such event to the Limited Partners and the investment period will be automatically suspended for a 180-day period. During this interim period, as defined in the Fund's limited partnership agreement, the obligation of all Limited Partners to make capital contributions for portfolio investments, excluding follow-on or follow-up investments, shall be suspended. Unless, prior to the end of the interim period, 66 2/3% in interest of the combined Limited Partners elect to end the interim period and continue the investment period, the investment period shall be terminated as of the end of the interim period.

#### Risk of Investment Concentration

The Fund may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all of the Fund's investments cannot reasonably be expected to perform well or even return capital, for the Fund to achieve above-average returns, one or a few of its investments must generate returns well above market returns. There can be no assurance that this will be the case. In addition, other than as set forth in the Partnership Agreement, Investors have no assurance as to the degree of diversification of the Fund's portfolio investments, either by geographic region, asset type or sector. Furthermore, if the Fund co-invests with other private equity funds, a Limited Partner may have exposure to portfolio investments through more than one fund. In circumstances where the General Partner intends to dispose a portfolio investment or refinance all or a portion of the capital invested in a portfolio investment, there will be a risk that such disposition or refinancing may not be completed, which could lead to increased risk as a result of the Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

#### Reliance on Portfolio Company Management Teams

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the General Partner will be responsible for monitoring the performance of each portfolio investment and the Fund 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. The success of many of the General Partner's portfolio companies is heavily dependent on the management of such companies. There can be no assurance that the management of a portfolio company on the date a portfolio investment is made will continue to be affiliated with the company throughout the period the portfolio investment is held. In addition, the General Partner will generally establish the capital structure of companies in which the Fund invests 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.

#### Risks in Effecting Operating Improvements

In some cases, the success of the Fund's investment strategy will depend, in part, on the ability of the Fund 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 Fund will be able to successfully identify and implement such improvements.

#### Investments in Smaller or Less Established Companies

The Fund may invest its 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 Fund, 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.

#### Non-U.S. Investments

The Fund may invest a portion of its aggregate commitments 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 the various foreign currencies in which the Fund's foreign investments are denominated, 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) differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (v) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (vi) less developed corporate laws regarding fiduciary duties and the protection of investors.

### Foreign Investment Controls

Foreign investment in securities of companies in certain of the countries in which the Fund may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Fund. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Fund, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Fund invests or in other jurisdictions.

### Investments with Third Parties

The Fund may co-invest with third parties, thereby acquiring non-controlling interests in certain portfolio companies. The Fund 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 investment, may have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take action contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third party partners or co-investors.

### Minority Investments

The Fund may invest in minority positions of companies and in companies for which the Fund has no right to exert significant influence. In such cases, the Fund 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 Fund is not affiliated and whose interests may conflict with the interests of the Fund.

### Illiquid and Long-Term Investments

Investment in the Fund 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 the Fund will be able to realize returns on such portfolio investments in a timely manner. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to Investors. While a portfolio investment may be sold at any time, it is generally expected that this will not occur for a number of years after the portfolio investment in a portfolio company is made. The Fund will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, or in a private placement or other transaction exempt from registration under the Securities Act of 1933. In some cases, the Fund may be prohibited by contract from selling certain securities for a period of time. Even where the Fund holds freely tradable publicly traded securities, the Fund's position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Fund wishes to dispose of or reduce its position in such company by selling shares into the market.

### Use of Leverage

While portfolio investments in leveraged companies offer the opportunity for capital appreciation, such portfolio investments also involve a higher degree of risk. The Fund's portfolio investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks 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, the Fund may suffer a partial or total loss of capital invested in the portfolio company.

### Bridge Financings

From time to time, the Fund may lend 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 Fund'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 Fund. Bridge financings not refinanced within 18 months will be treated as portfolio investments.

### Co-Investment Opportunities

There may be circumstances where an amount that would have otherwise been invested by the Fund is instead allocated to co-investors, and there is no guarantee for any Limited Partner that it will be offered any co-investment opportunities. As a general matter, the General Partner, in determining the allocation of discretionary co-investment opportunities, expects to take into account various facts and circumstances deemed relevant by the General Partner as more fully described in the Fund Documents and Item 11 below.

### Hedging Policies/Risks

In connection with the financing of certain portfolio investments, the Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

The aforementioned methods of analysis, investment strategies and risks also apply to the Parallel Fund.

**It is critical that Limited Partners refer to the applicable Fund Documents for a complete understanding of the material risks involved in an investment in the Combined Funds. The information contained herein is a summary only and is qualified in its entirety by the Fund Documents.**

### Item 9 – Disciplinary Information

Neither the Adviser nor any of its management persons have any legal or disciplinary events outstanding or pending that would be material to an Investor's evaluation of the Adviser or the integrity of the Adviser's management.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither Insignia nor any of its management persons is registered, or has an application pending to register, as: (i) a broker-dealer; (ii) a registered representative of a broker-dealer; (iii) a futures commission merchant; (iv) a commodity pool operator; (v) a commodity trading advisor; or (vi) is an associated person of any of (iii), (iv) or (v).

The Adviser is affiliated with the General Partner. This creates a potential conflict of interest in that it may cause the Adviser or the General Partner to take greater risks than they may have otherwise. This conflict of interest is addressed as described in Item 6 and Item 11.

The General Partner co-invests directly in the Combined Funds. The Adviser has adopted a Code of Ethics concerning trading by personnel of the Adviser that is designed to detect and prevent potential conflicts of interest between the Adviser and the Fund and Investors. Please refer to Item 11 below for additional information regarding the Adviser's Code of Ethics.

Insignia does not recommend or select other investment advisers for the Combined Funds.

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

### **Code of Ethics**

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Adviser's "Access Persons." Access Persons include, generally, officer or director of the Adviser and any employee or other supervised person of the Adviser (or an affiliate) who, in relation to the Combined Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All employees of affiliates of the Adviser are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires Access Persons to place the interests of the Combined Funds and Investors above their own interests and the interests of the Adviser and its affiliates. All Access Persons are required to acknowledge their receipt of, and agreement to abide by, the Code upon hire and at least annually thereafter. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "Chief Compliance Officer").

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Adviser's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Adviser's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

The Adviser manages the potential conflicts of interest inherent in personal trading by Access Persons through rigorous enforcement of its Code, which contains limitations on Access Persons' personal investment activities. Access Persons' personal securities transactions are required to be made in accordance with the Adviser's Code. In addition, the Adviser receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer reviews Access Persons'

personal transaction and holdings reports in an effort to ensure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

Insignia's Access Persons keep the interests of the Adviser's clients placed first at all times. Trading in securities by Access Persons are permitted such that no Access Person may engage in any trade or order activity or investment if such activity is the result of exposure to material non-public information, or if such transaction anticipates or competes with a customer/fund order or investment. In addition, Access Persons may invest in private investments and initial public offerings subject to the pre-approval and reporting requirements of the Code.

The Adviser maintains a "Restricted List" with the names of issuers of securities about which the Adviser (or its Access Persons) has learned material, non-public information or that may require, for business or legal reasons that the Combined Funds and Access Persons do not trade in the securities for a specific period of time. Access Persons are strictly prohibited from trading securities on the Restricted List without prior approval from the Chief Compliance Officer. The Chief Compliance Officer will not grant prior approval to an order or investment that anticipates (i.e., front runs) or competes with a customer/fund order. The Chief Compliance Officer generally will not grant prior approval to any transaction in Securities on the Restricted List, but may do so in situations where the transaction is determined to be in compliance with applicable laws and other contractual restrictions.

As explained in Item 10 above, the Adviser serves as investment adviser to the Combined Funds. The Adviser recommends interests in the Combined Funds to prospective Limited Partners. Access Persons of the Adviser have invested, and will continue to invest, in the Combined Funds through the General Partner co-investment.

The fact that Access Persons have financial ownership interests in the Combined Funds creates a potential conflict in that it could cause the Adviser and its affiliates to make different investment decisions than if Access Persons did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in the Adviser's Code of Ethics.

Limited Partners or prospective Limited Partners may obtain a copy of the Code by contacting the Chief Compliance Officer, Pradyut Shah, at [pshah@insigniacap.com](mailto:pshah@insigniacap.com).

## **Conflicts of Interest**

**Allocation of Investment Opportunities.** In connection with its investment activities, Insignia may encounter situations in which it must determine how to allocate investment opportunities among the Combined Funds and other persons, including but not limited to the Combined Funds, co-investment vehicles that have been formed to invest side-by-side with one or more Combined Funds (the investors in such co-investment vehicles may include Investors in the Combined Funds and/or individuals and entities that are not Investors in any Combined Funds) and investors whose co-investment Insignia determines in good faith will provide strategic benefits for the Combined Funds or their portfolio companies.

Insignia may offer co-investment opportunities in its sole discretion, is not expected to offer co-investment with respect to all Combined Fund investments and may allocate any such opportunities in its sole discretion, including for example, on the basis of the size of investor commitments to Combined Funds. The allocation of co-investment opportunities may involve a benefit to Insignia including, without limitation, fees or carried interest from the co-investment opportunity, and capital commitments to Combined Funds from investors who are granted such co-investment opportunities. Insignia may or may not charge management fees, one-time funding fees and/or carried interest in respect of co-investments, as it determines in its sole discretion. Any such fees may be calculated solely with respect to each co-investment. For the avoidance of doubt, except as otherwise agreed by Insignia, investment in a Combined Fund does not entitle investors to be presented with or otherwise participate in any co-investment opportunities.

The appropriate allocation among the Combined Funds and co-investors of fees and expenses incurred in the course of evaluating and making 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 determined by Insignia and its affiliates in their good faith discretion, consistent with the policies and procedures of Insignia and the organizational documents of the Combined Funds, as applicable.

In exercising its discretion to allocate investment opportunities and fees and expenses, Insignia may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Combined Funds and/or co-investment vehicles with differing fee, expense and compensation structures, Insignia may have an incentive to allocate investment opportunities to the Combined Funds from which Insignia or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

**Side Letters.** The general partner of a Combined Fund may enter into side letters or other similar agreements with certain investors in connection with their admission to such Combined Fund without the approval of any other investor. Such side letters or other similar agreements may alter and/or supplement the terms of such Combined Fund's governing documents in a manner that makes the terms applicable to such investors more favorable than those applicable to other investors. Such rights or terms in any such side letter may include, without limitation, (i) excuse rights applicable to particular investments; (ii) reporting obligations of the applicable general partner; (iii) waiver of certain confidentiality obligations; (iv) consent of the applicable general partner to certain transfers by such investor; (v) special rights with respect to co-investment; (vi) rights or terms necessary in light of particular legal, public policy or regulatory characteristics of an investor; (vii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (viii) additional obligations and restrictions of the general partner and a Combined Fund with respect to the structuring of any particular Investment in light of the legal, tax and regulatory considerations of particular investors; (ix) agreements to assist with the applicable tax filings and (x) certain obligations and restrictions on the applicable general partner with respect to the exercise of its discretion on certain matters.

## Item 12 – Brokerage Practices

As a general matter, Insignia invests in private transactions that are not executed on an exchange and does not utilize brokers. The Chief Compliance Officer must be consulted prior to any exceptions to this policy. The Chief Compliance Officer and managing partners will ensure that such transactions are executed in the best interests of the Combined Funds. Insignia recognizes that it has a duty to obtain "best execution" for any securities transactions made for the Combined Funds. Insignia does not have any soft dollar arrangements. In the private equity context, client referrals are not relevant to Insignia's selection or recommendation of broker-dealers. Insignia does not engage in directed brokerage arrangements.

In the private equity context, aggregation of the purchase or sale of securities for multiple client accounts is generally not relevant.

If in the future Insignia's business involves a significant amount of direct trading with brokers or dealers, Insignia may adopt additional brokerage policies and procedures.

#### Item 13 – Review of Accounts

The Combined Funds' portfolio and investments will be under continuous review by Insignia's investment personnel and include review of investment performance, valuation changes, market developments, adherence to investment guidelines and strategies, and risk analysis.

The Adviser provides quarterly written investor reports within 45 days after the end of each of the first three fiscal quarters of each fiscal year (subject to reasonable delays in the event of the late receipt of any necessary financial information from any portfolio company). Additionally, the Adviser provides an annual written investor report and annual audited financial statements within 90 days after the end of each fiscal year (subject to reasonable delays in the event of the late receipt of any necessary financial information from any portfolio company). Further, within sixty (60) days after each management fee payment date, the Adviser sends to each Investor who is a Limited Partner during the applicable period the details of the calculation of the management fee. Insignia reviews any report prepared by its fund administrator before a report is presented to Limited Partners.

#### Item 14 – Client Referrals and Other Compensation

Other than the compensation described in Items 5 and 6 of this Brochure, no one other than the Combined Funds provides an economic benefit to Insignia for providing investment advice or other advisory services.

Insignia, has, and may again in the future, enter into written arrangements with third parties to act as placement agents for Insignia's investment advisory business. Where applicable, all such compensation will be fully disclosed to each client consistent with applicable law. Where applicable, all such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act as well as relevant SEC guidance. In general, third-party solicitors may receive a portion of the fees otherwise payable to Insignia.

#### Item 15 – Custody

The Adviser is deemed to have custody of the Combined Funds' assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2, the Adviser provides audited financial statements to Investors within 120 days after the end of the relevant Combined Fund's fiscal year, and generally within 90 days of the relevant Combined Fund's fiscal year end (*i.e.*, by March 31).

As Insignia's investment program involves investments in private companies, the Adviser generally will be exempt from the requirement that those securities be maintained with a "qualified custodian." Insignia anticipates that the majority of its investments in private companies will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

To the extent that Insignia's investments involve securities that are certificated, but also are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering and (ii)



transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer, the Adviser will maintain such certificates with a qualified custodian or otherwise rely on the provisions of the August 1, 2013 IM Guidance Update issued by the SEC's Division of Investment Management, which provide that certain certificated, privately-offered securities are no longer required to be maintained with a qualified custodian.

#### Item 16 – Investment Discretion

The Adviser has discretionary authority to manage securities accounts on behalf of the Combined Funds. The Adviser is authorized to make transaction recommendations for the Combined Funds. Limited Partners generally do not have the ability to impose limitations on the discretionary authority of the Adviser.

Each Investor must execute a subscription agreement in which it makes various representations, including representations regarding its suitability to invest in a high-risk investment pool. Further, each Investor must execute a limited partnership agreement that contains a limited power of attorney.

#### Item 17 – Voting Client Securities

The majority of investments are expected to be in private securities. Due to the nature of these investments, Insignia expects to have substantial authority to exercise voting rights with respect to such securities. Insignia understands and appreciates the importance of proxy voting. Insignia has developed policies and procedures (the "Proxy Policy") in the event that it must vote proxies on behalf of the Combined Funds.

The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of the Fund's Investors through the General Partner's beneficial ownership interests in the Fund and therefore will not seek Investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund's Limited Partner advisory committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy.

For additional information about how any proxies were actually voted or a copy of the Adviser's proxy voting policies and procedures, please contact the Chief Compliance Officer, Pradyut Shah, at (925) 399-8903 or by email at [pshah@insigniacap.com](mailto:pshah@insigniacap.com).

#### Item 18 – Financial Information

The Adviser does not require or solicit prepayment of client fees more than six months in advance. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. The Adviser has not been the subject of a bankruptcy petition.