

July 2015

Paxion Partners, LP Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Paxion Partners, LP. If you have any questions about the contents of this brochure, please contact Ian Duncan Robertson at 650-422-3571. 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 about Paxion Partners, LP is also available on the SEC's website at: www.adviserinfo.sec.gov.

Paxion Partners, LP ("Paxion") is registered as an investment adviser with the United States Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940 (the "Advisers Act"). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

Not applicable.

Item 3: Table of Contents

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Item 4: Advisory Business

Paxion is an independent investment manager formed under the laws of the state of Delaware as a limited partnership on May 11, 2015. Paxion is controlled by its general partner, Paxion Capital GP, LLC, a Delaware limited liability company, which in turn controlled by its members, James A. Davidson, Michael E. Marks, and Fritz H. Wolff. Paxion is anticipated to be approximately 85% owned by each of James A. Davidson, Michael E. Marks, and Fritz H. Wolff, each of who is a limited partner of Paxion as of July of 2015.

Paxion serves as investment adviser and primarily provides discretionary advisory services to one or more private funds (the “Funds”).

The Funds are generally anticipated to be organized as Delaware limited partnerships. Each Fund is anticipated to be controlled by Paxion or by a general partner that is an affiliate of Paxion, and such general partner is ultimately responsible for the management and conduct of the activities of such Fund.

Paxion or the general partners of certain Funds may establish feeder funds, alternative investment funds, parallel funds or other investment vehicles to address tax, regulatory or other concerns of certain existing or prospective limited partners of a Fund (the “Limited Partners”). In addition, if the general partner of a Fund elects to make co-investment opportunities available to Limited Partners, the general partner may establish a co-investment fund to facilitate such co-investments, the terms of which may differ from the applicable Fund.

As of June 30, 2015, Paxion managed a single fund with approximately \$355 million in regulatory assets under management on a discretionary basis.

Item 5: Fees and Compensation

Management Fees

The Funds are anticipated to pay Paxion an annual management fee (the “Management Fee”) in accordance with each such Fund’s organization documents and/or management agreement (its “Fund Agreement”), as negotiated collectively with the limited partners of each such Fund. The Management Fee is payable to Paxion in quarterly installments in advance until the due date of the final installment of the initial capital commitment. Thereafter, the Management Fee is payable in quarterly installments in arrears. The Management Fee will be calculated with respect to (and may be drawn down from) each Limited Partner in accordance with the respective Fund’s Fund Agreement.

The Funds are generally charged a Management Fee of up to 1.5% per annum of each Limited Partner’s aggregate capital commitment to such Fund during the first year and up to 1% per year thereafter. The Fund Agreements generally permit Paxion to, in its discretion, waive all or a portion of the Management Fees (typically for employees and, perhaps, other affiliates of Paxion), and the recipients of such waivers may achieve higher returns as a result.

In some cases, the Management Fee payable by a Fund is subject to offset by certain fees received by Paxion, the general partner, or others affiliated with Paxion from portfolio investments or potential portfolio investments (“Portfolio Investments”) of a Fund, but in other cases it is not in accordance with the terms of the applicable Fund Agreement.

Allocation of Fees and Expenses

Each Limited Partner will be responsible for its pro rata share of the organizational expenses of the respective Fund.

Each Fund will be responsible for its allocable expenses including, but not limited to, the following:

(a) All third party charges and out-of-pocket costs and expenses (collectively, “**Formation Expenses**”) incurred in connection with the formation of the Fund, subsidiaries and the general partner, the offering of interests in the Fund and the admission of Limited Partners to the Fund, excluding the costs of any placement agents.

(b) All third party charges and out-of-pocket costs and expenses incurred by the general partner or any sponsor affiliate that are related to the Fund’s operations, including, without limitation, those related to (i) forming and operating Subsidiaries, (ii) the investigation of investment opportunities, whether or not consummated, and whether incurred before or after the formation of the Fund, (iii) the acquisition, ownership, management, financing, hedging of interest rates on financings, or sale of Portfolio Investments, (iv) meetings with or reporting to the Limited Partners, (v) accounting, auditing, research, consulting, tax return preparation, financial reporting, and legal, (vi) risk management services and insurance for the Fund or subsidiaries, including without limitation insurance to protect the Fund, the general partner, sponsor affiliates and the Limited Partners in connection with the performance of activities related to the Fund, (vii) the Fund’s indemnification of the indemnified parties pursuant to this Agreement, (viii) litigation, (ix) borrowings of the Fund and subsidiaries, (x) liquidating the Fund and subsidiaries, (xi) any taxes, fees or other governmental charges levied against the Fund or subsidiaries and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund or subsidiaries, and (xii) travel costs associated with investigating and evaluating investment opportunities (whether or not consummated) or making, monitoring, managing or disposing of Investments. Costs associated with investigating and evaluating investment opportunities that are not consummated may be charged entirely to a Fund whether or not Paxion sought coinvestors for the opportunity, including affiliates of Paxion, in circumstances where Paxion may have planned to require coinvestors to contribute to such costs if the coinvest was made.

(c) Direct and indirect costs of sponsor affiliates, including compensation, other direct personnel expense, and allocated overhead attributable to (i) legal, bookkeeping and accounting services associated with the preparation and distribution of financial statements, tax returns, and reports to the Limited Partners for the Fund or

subsidiaries, (ii) legal services related to Investments, whether or not consummated, and asset management, and (iii) travel in connection with the offering of interests in the Partnership and the admission of Limited Partners to the Fund or related to Portfolio Investments, whether or not consummated. Allocations of direct and indirect costs are made based on customary cost accounting principles determined to be appropriate from time to time by Paxion in its reasonable discretion.

Detailed information regarding the fees charged to each Fund is provided in the applicable Fund Agreement.

Item 6: Performance Based Fees and Side-by-Side Management

Paxion may receive performance based fee from certain Funds and/or certain investments by certain Funds and persons affiliated with Paxion may be entitled to receive portion of the management fees and carried interest attributable to certain investments by Funds if and to the extent authorized in the applicable Fund Agreements. Such performance based compensation is generally in addition to the applicable investment management fee. Such arrangements create a financial incentive for Paxion (i) to invest in investments that may not be appropriate for a particular fund to potentially generate higher returns and higher performance based compensation, and (ii) to allocate more time and resources to such investments.

Item 7: Types of Clients

Paxion provides discretionary investment advisory services to Fund vehicles. Minimum investment criteria are detailed in the applicable offering documents.

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

Paxion seeks to assess and structure their investments to maximize after-tax wealth creation. Paxion's investment activities will emphasize both tax optimization (income and estate) and preservation of purchasing power over time. Paxion's investment strategy and services are set forth more fully in the applicable Fund Agreement.

Paxion's investment advice to the Funds is limited to the type of advice described in this Brochure, as supplemented by the applicable Fund Agreement.

In providing services to the Funds, Paxion formulates the investment objective for each Fund, directs and manages the investment and reinvestment of each Fund's assets, and provides periodic reports to investors in each Fund. Investment advice is provided directly to each Fund and not individually to the Limited Partners, members or similar investors in any Fund. Paxion manages the assets of each Fund in accordance with the terms of the Fund Agreement.

Interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Paxion seeks to balance performance and diversification throughout economic cycles to mitigate risk. Paxion will garner exposure via both active investments (which Paxion intends to primarily engage and manage directly) and passive investments (which Paxion may access and execute through operating partners or sub-managers). Paxion will typically invest in operating companies, real estate, infrastructure related ventures, energy and natural resource related ventures, private equity, venture investments, and publicly traded equities and bonds. However, except as described in Item 11, Paxion is not restricted in the nature of the investments it can make.

The investment activities of Paxion are directed by the management committee (the “Management Committee”) of Paxion’s general partner. The Management Committee is supported by Paxion’s investment professionals. Paxion’s investment decision-making process generally includes informal, collaborative discussions on an ongoing basis and approval by the Management Committee for each new investment. The subsequent processes for monitoring each Portfolio Investment are designed to help ensure the timely and successful execution of each investment’s business plan and involve periodic reviews of valuation parameters, investment performance, and disposition opportunities.

All investing involves a risk of loss and the investment strategy offered by Paxion could lose money over short or even long periods of time.

Newly Formed; Past Performance Not Indicative of Future Results

Paxion is a newly-formed investment adviser and has no history of prior investment activity. The past performance of investments of members of the Management Committee is not necessarily indicative of Paxion’s future results.

Risks Associated with Start-ups and Small Companies

Paxion invests in part in start-ups and small companies. The Portfolio Investments are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or growth plans of any particular Portfolio Investment will be successful or that its business will be profitable.

Some or many Portfolio Investments may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

With respect to investments by a Fund in early stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the Portfolio Investment. There is no assurance that the development efforts of any Portfolio Investment will be successful or, if successful, will be completed within the budget or time period originally estimated.

Following its initial investment in Portfolio Investments, Portfolio Investments may require additional funding and a Fund may have the opportunity to increase its investment in successful Portfolio Investments. There can be no assurance that a Fund will make, or will have the resources to make, follow-on investments. Any decision by a Fund not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a Portfolio Investment in need of such an investment, may result in a missed opportunity for a Fund to increase its participation in a successful enterprise, may result in significant dilution of any existing Portfolio Investment, or may cause a decrease in the value of a Fund's portfolio.

Middle-Market Companies

Paxion may also invest in middle-market companies. Investments in middle-market companies may entail larger risks than are customarily associated with investments in larger companies. Middle-market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group and on additional financing. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology.

Investments in Real Estate

The assets of a Fund and its Portfolio Investments may include real property. Real property investments are subject to varying degrees of risk. Real property values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of or a reduction in demand for real estate), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers of properties, quality of maintenance, insurance and management services and changes in operating costs. Real property values are also affected by factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, and the availability of financing and potential liability under changing environmental and other laws.

Risks Relating to Debt Investments

A portion of a Fund's capital may be invested in mezzanine debt or other indebtedness that is unsecured or subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and/or bear floating interest rates. In addition, these debt securities may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Debt securities are also subject to other creditor risks, including: (1) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws; (2) so-called lender liability claims by the issuer of the obligations; and (3) environmental liabilities that may arise with respect to collateral securing the obligations, if any.

Lack of Control

A Fund may hold minority interests in some Portfolio Investments and, therefore, may have limited ability to protect its position and investment. As a condition of making some, but not all Portfolio Investments, Paxion may seek to obtain special rights and protective provisions, which will be negotiated at the time of the investment. There can be no assurance that a Fund will be able to obtain such protective provisions or that if such provisions are obtained, that they will be effective.

In certain circumstances, however, the Fund may be deemed to have a control or management position with respect to one or more of its Portfolio Investments. This in turn could expose the Fund to risk of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability, including, in the case of debt investments, lender liability.

Moreover, although Paxion may seek to secure representation on the board of directors of companies in which Funds invest and hopes to develop a good working relationship with the management of such companies, Paxion is not expected to have an active role in the day-to-day management of the companies in which it invests. To the extent that the senior management of a Portfolio Investment performs poorly, or if a key manager terminates employment, a Fund's investment in such company could be adversely affected.

Service on Boards of Directors

One or more persons affiliated with Paxion may serve as directors of companies in which Funds invest. Such service, especially in light of statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose Paxion, a Fund or persons which a Fund is required to indemnify to regulatory action and/or claims by a company in which a Fund invests, its security holders or its creditors. While Paxion intends to attempt to mitigate exposure to these risks, the possibility of successful claims or adverse regulatory actions cannot be eliminated, and such events may have a significant adverse effect on a Fund. In addition, there may be instances in which a portfolio company's interest may conflict with a Fund. In that regard, Paxion's affiliated board members may have a duty to vote on corporate matters that are contrary to the best interests of the applicable Fund.

In their capacity as directors of a company in which a Fund invests, such persons will be subject to fiduciary and other duties to the company on whose board they serve, which duties may on occasion conflict with the best interests of a Fund. For example, a Fund's ability to sell the publicly traded securities of a Portfolio Investment may be limited if any of them are in possession of material nonpublic information relating to such Portfolio Investment.

Regulations Applicable to Portfolio Investments

A Fund may invest in companies that may be subject to extensive governmental regulations and oversight with respect to their business activities. The failure to comply with applicable regulations, obtain applicable regulatory approvals, or maintain those approvals so obtained, may prevent the company from bringing products and services to the market, and could subject the applicable company to civil penalties, suspension or withdrawal of any regulatory approval obtained, product recalls and seizures, injunctions, operating restrictions and criminal

prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on a Fund's investment in such company.

Illiquid Fund Investments

Certain of the Portfolio Investments will be in companies that are privately held. As a result there will be no readily available secondary market for a Fund's interests in such companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that a Fund will be able to realize liquidity for such investments in a timely manner, if at all. Unless such a company in which a Fund invests subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity will not be available to the applicable Fund, which must then rely on other means to achieve liquidity. In addition, a Fund may be precluded from selling its shares in a public company for some time after such company's initial public offering, if any.

Public-to-Private Transactions

A Fund may from time to time acquire shares of a public company with the intent of taking the company private. In the event that a Fund is not successful in effecting a public-to-private transaction, a Fund's returns in respect of such investment may be adversely affected. Further, a Fund would be subject to the risks and costs customarily associated with owning a significant portion of the shares of a public company, including restrictions on sales of a Fund's shares in the company, reporting requirements, director liability for a Fund representatives on the public company's board of directors and restrictions associated with the receipt of material, non-public information as further discussed herein.

Investment in Junior Securities

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

Hedging Risks

In connection with the financing of certain investments, a Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and/or currency exchange; however, such transactions themselves may entail certain other risks. In addition, certain hedging arrangements may create for the general partner of the Fund or its affiliates a registration obligation with the U.S. Commodity Futures Trading Commission.

Leverage Risk

Paxion may leverage a Fund's investments through traditional means (such as by borrowing money through margin accounts, lines of credit or other lending arrangements) or borrow or utilize other direct or indirect forms of leverage (including but not limited to derivative securities) on a secured or unsecured basis for any purpose, including to increase investment capacity, cover operating expenses, make redemption or distribution payments or for clearance of transactions. Utilization of leverage, which is usually considered speculative, involves certain risks. While leverage presents opportunities for increasing total return, it also has the effect of potentially increasing losses due to unfavorable or adverse changes in market conditions or interest rates, as applicable. Leverage will exaggerate the effect of any increase or decrease in

the value of a Fund's assets and, therefore, may increase the volatility of a Fund's performance.

Accessing Debt Capital

Companies in which a Fund invests may rely on the use of leverage; accordingly, the success of such companies may depend in part on their ability to access sufficient sources of indebtedness at attractive rates. Highly leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. For example, rising interest rates can significantly increase a company's interest expense, causing losses and/or the inability to service outstanding indebtedness. It is also typical for companies to agree to comply with certain operating and other covenants in connection with obtaining debt financing. If a company in which a Fund invests cannot generate adequate cash flow to meet its debt service obligations or defaults under the covenants imposed on it pursuant to its borrowing arrangements, it may be required to immediately repay all outstanding indebtedness.

An acceleration of a company's repayment of indebtedness could result in a bankruptcy filing by the company, and a Fund may suffer a partial or total loss of capital invested in such company. As a result, the risk of loss associated with a leveraged company is generally greater than for a company with comparatively less debt.

In certain of the investments expected to be made by a Fund, indebtedness may constitute a significant portion of the company's total capitalization, including debt that may be incurred by such company in connection with a Fund's investment. An increase in either the general levels of interest rates or in the risk spread demanded by sources of debt financing could make it more difficult for a Fund to consummate investments that are dependent on a financial restructuring. Increases in interest rates could also make it more difficult to locate and consummate certain investments because other potential buyers, including operating companies acting as strategic buyers, may have sources of equity capital or access to lower-cost debt that would allow them to bid for assets at a higher price due to their lower overall cost of capital.

Non-U.S. Investments

Investments in certain countries involve risks, including, but not limited to, risks relating to adverse political, social, and economic developments in other countries, as well as risks resulting from the differences between the regulations to which issuers and markets are subject in different countries. These risks may include expropriation of assets, confiscatory taxation, withholding taxes on dividends and interest paid on Fund investments, currency exchange controls, and other limitations on the use or transfer of Fund assets and political or social instability. Such investments may also involve currency exchange rate risks. There may be rapid changes in the value of foreign currencies or securities, causing the value of Fund investments to be volatile. Paxion may enter into hedging transactions designed to reduce such currency risks. While such transactions may reduce certain risks, they entail certain other risks and such transactions may also result in losses and overall poorer performance than if a Fund had not entered into such hedging transactions.

Other Activities

Paxion principals and personnel devote only such portion of their time to the affairs of the Funds as they in good faith consider necessary for the proper performance of their duties. Other activities of such personnel are in some cases substantial and will require those individuals to devote their time to matters unrelated to the business of the Funds. In addition, Paxion expects that such personnel will take on additional activities in the future. Such other activities will pose conflicts in the allocation of management resources, including the time and attention of the members of the Management Committee. The Funds likely will have no interest in these other activities.

Item 9: Disciplinary Information

Paxion and its officers and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of Paxion's advisory business or the integrity of Paxion's management of the Funds.

Item 10: Other Financial Industry Activities and Affiliations

The general partners of the Funds are anticipated to be affiliated with Paxion by common ownership. Should conflicts of interest arise in the context of these common ownership relationships, they will be addressed in accordance with the Code of Ethics (described in further detail in Item 11 below), and in the Partnership Agreements of the Funds, as applicable.

Paxion, its affiliates, and its personnel may serve as investment advisers and investment managers to multiple pooled investment vehicles. Paxion, its affiliates and its personnel may take action or give advice with respect to certain clients that differs from the advice given to other clients. Paxion, its affiliates and its personnel will devote as much time to the activities of each client as they deem necessary and appropriate.

Paxion is the general partner of a Paxion Capital, LP, a private fund.

James A. Davidson, a member of the general partner of Paxion, is a Managing Partner of Silver Lake Technology Management, LLC ("Silver Lake"), an SEC registered investment adviser. Michael E. Marks, a member of the general partner of Paxion, is the Founding Partner of Riverwood Capital Management L.P. ("Riverwood"), an SEC registered investment adviser. Fritz H. Wolff, a member of the general partner of Paxion, is the Manager of Wolff Principal Holdings, L.P. (collectively "TWC"), a real estate private equity firm which is not an SEC registered investment adviser. The members of the general partner of Paxion actively participate in the management of Silver Lake, Riverwood, and TWC and their respective affiliates (collectively, "Separate Advisors"), respectively. Additional information regarding the Separate Advisors is available at in Paxion's Form ADV Part 1A Item 7.A. which can be found by accessing www.adviserinfo.sec.gov and following the search instructions. The Separate Advisors each manage private equity funds. The members of the general partner of Paxion may serve on Separate Advisors' investment committees, make investment recommendations, and have ownership interest in the related general partners affiliated with or sponsored by such Separate Advisors. There will be a conflict of interest to extent a member of the general partner

of Paxion makes investment recommendations for and receives compensation from the Separate Advisors. Should such conflicts of interest arise they will be addressed in accordance with the Code of Ethics (described in further detail in Item 11 below), and in the Fund Agreements of the Funds, as applicable.

Neither Paxion nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Paxion nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities.

Paxion does not currently accept compensation for recommending or selecting other investment advisers for the Funds.

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

Code of Ethics

Paxion has adopted a Code of Ethics pursuant to SEC Rule 204A-1 under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) for all Supervised Persons of Paxion.

The Code of Ethics describes Paxion’s standard of business conduct and its fiduciary duty to the Partnership and to the Funds under the Advisers Act. “Supervised Persons” include (i) any officer, director (or other person occupying a similar status or performing similar functions) or employee of the Adviser, and (ii) any other person who provides investment advice on behalf of Paxion and is subject to Paxion’s supervision and control.

The Code of Ethics was adopted in order to establish the standard of conduct expected of Paxion’s Supervised Persons and to help ensure that Paxion’s duties under the Advisers Act are met. Supervised Persons must, at all times, act in accordance with Paxion’s fiduciary duty. Each Supervised Person should (i) at all times place the interests of the Funds before his or her own interests, (ii) act with honesty and integrity with respect to the Funds and investors (iii) not take inappropriate advantage of his or her position for his or her personal benefit, (iv) make full and fair disclosure of all material facts, particularly where Paxion’s or Supervised Person’s interests may conflict with the Funds and (v) have a reasonable, independent basis for his or her investment advice.

Paxion’s Compliance Manual includes provisions relating to the confidentiality of information relating to Limited Partners, a prohibition on insider trading, a prohibition on disseminating rumors, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, restrictions and reporting obligations relating to making political contributions and anti-money laundering and sanctions policies, among other matters. All employees of Paxion must submit an annual certificate of compliance for the Compliance Manual and the Code of Ethics to the Chief Compliance Officer.

In addition, Paxion has adopted a personal securities transactions policy under its Code of Ethics which forbids any Supervised Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. “Access Person” includes all directors, officers and partners of Paxion and any other employee that the Chief Compliance Officer designates as such. The Code of Ethics also requires preclearance of personal transactions in initial public offerings, limited offerings and publicly traded securities. Certain classes of securities have been designated as exempt from certain trading restrictions under the Code of Ethics, based upon a determination that exempting such securities would not materially interfere with the best interests of the Funds. Subject to certain limited exceptions, Access Persons are also required by the Code of Ethics policy to report personal investment transactions to the Chief Compliance Officer on a quarterly basis; and report securities holdings to the Chief Compliance Officer on an annual basis.

Employee trading is monitored by the Chief Compliance Officer under the Code of Ethics in order to reasonably prevent and, if necessary, address conflicts of interest between Paxion, Supervised Persons, and the Funds.

The Funds, Limited Partners, and prospective investors in the Funds may request a copy of the Code of Ethics, free of charge, by contacting Paxion’s Chief Compliance Officer.

Paxion has adopted written policies to help ensure compliance with the provisions of each Fund Agreement and the Code of Ethics.

Conflicts of Interest

Paxion anticipates that Fund investments may present a number of different types of conflicts of interest to the members of the Management Committee, and has adopted policies to address mitigate those conflicts. In each case where a conflict of interests is presented, the members of the Management Committee will exercise their discretion in light of Paxion’s fiduciary duties to its clients with a view to acting in a manner so that the Funds are treated in a manner consistent with arm’s length transactions and receive the benefit of market terms as determined in good faith by the members of the Management Committee. The conflicts of interest that Paxion will encounter are expected to include those listed below.

Sale of Investments to Funds. Paxion and its affiliates may sell or contribute investments to the Funds as provided in the applicable Fund Agreement or with the approval of both a majority of the disinterested Management Committee and a majority in interest of the Limited Partners in the applicable Fund.

Obligations to Other Funds. The members of the Management Committee own equity in the sponsors and general partners of, and provide management and other services to, funds other than the Funds. Such persons are subject to fiduciary and other duties to these other funds, which duties may on occasion conflict with the best interests of a Fund.

Interests in Companies in Which the Funds Invest. The members of the Management Committee may also be significant or controlling shareholders of companies in which Funds invest and may be able to influence the valuation of those investments to their own benefit. Paxion has adopted a conflicts of

interest policy in order to address the conflicts of interest that could arise if Paxion were to recommend that a Fund invest in the same securities or related securities in which Paxion or a related person currently holds an investment. Under such policy, no Supervised Person may recommend to Paxion that a Fund make a particular investment without first disclosing his or her interest in the potential transaction. In those circumstances, generally investment decisions will be made by the disinterested members of the Management Committee. A Supervised Person may under certain circumstances invest in securities of a company in which a Fund invests subject to approval by the Chief Compliance Officer.

Valuations of Fund Investments. Paxion or one of its affiliates is expected to serve as general partner of each Fund, will be responsible for valuing the Fund's assets and will generally not be required to use independent sources for determining such values. Paxion will have an economic incentive to value assets in a manner that maximizes advisory fees to Paxion.

Remuneration of Paxion Affiliates by Companies in Which Funds Invest. Paxion and its affiliates may cause Funds to make investments in companies that pay remuneration to Paxion and its affiliates to the extent provided in the applicable Fund Agreement or with the approval of both a majority of the disinterested Management Committee and a majority in interest of the Limited Partners in the applicable Fund.

Apportionment of Expenses. The apportionment of expenses inherently creates conflicts of interest between Paxion and the Funds. For example, in some cases, the same individual could be admitted or engaged as a member or employee of Paxion (in which case, Paxion generally would bear the expense of such individual's salary, etc.) or as a consultant/advisor (in which case a Fund a company in which a Fund invests generally would bear the expense of fees paid to such individual). Paxion has discretion to determine how any particular individual be engaged.

Use of Assets of the Partnership by Paxion. Paxion and its personnel may make use of assets of Funds and companies in which they invest. Any such use will be subject to policies and procedures adopted by Paxion and designed to provide that Paxion or such personnel will fairly compensate the applicable Funds or companies for any such use. Paxion will establish and maintain policies and procedures designed to fairly apportion the expenses relating to such use.

Co-investments. A Fund may acquire interests in certain Portfolio Investments in cooperation with others through co-investment arrangements pursuant to which Paxion received compensation from the co-investor on terms different from the compensation Paxion receives from the applicable Fund. This may create an economic incentive for Paxion to take actions that maximize the compensation paid by the co-investor.

Allocation of Investment and Sale Opportunities Among Funds. Investment opportunities are allocated based upon the provisions of the applicable Fund Agreement. If the relevant Fund Agreement does not address the manner in which an investment opportunity should be allocated, Paxion will allocate the opportunity between or among the Funds in good faith, in accordance with the allocation policies and procedures set forth in its Compliance Manual. This policy governs the appropriate allocation of opportunities with respect to co-investments, follow-on investments and sale opportunities, and provides that when determining these allocations Paxion

will consider the following factors: (i) the size, nature and type of investment or sale opportunity; (ii) principles of diversification of assets; (iii) the investment guidelines and limitations of the Funds; (iv) cash availability, including cash that becomes available through leverage; (v) the magnitude of the investment; (vi) a determination by Paxion that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Funds; (vii) applicable transfer or assignment provisions; (viii) proximity of a Fund to the end of its specified term, if any; or (ix) such other factors as Paxion may reasonably deem relevant. The Management Committee will review all allocations between or among different Funds to ensure that such allocations are made on a fair and equitable basis in accordance with Paxion's investment allocation policies Fund Agreements, and applicable regulatory restrictions.

Funds may have disparate fee structures and the investment portfolio manager for the funds may have different compensation structures and incentives which could create incentives to allocate more time and resources to the management of one or funds versus other funds under its management.

Excluded Investment Opportunities. Generally Paxion plans to avoid making investments that are inconsistent with the obligation of a member of the Management Committee to direct such investments to a Separate Advisor or abstain from making certain types of investments. To the extent an investment opportunity is identified which is suitable for a Separate Advisor, the investment opportunity will be allocated to the Separate Advisor and none of the Funds will coinvest in the opportunity unless otherwise agreed by the applicable Separate Advisor.

Item 12. Brokerage Practices

Paxion focuses on making investments in private securities, thus it does not generally deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments, for client transactions. To the extent that Paxion transacts in publicly-traded securities, Paxion selects brokers and counterparties based upon the broker or counterparty's ability to provide best execution for the Funds as described in Paxion's Compliance Manual. In general, this means obtaining the best net results so that the Funds' costs or the amounts received by the Funds are most favorable under all of the circumstances. The factors in determining best execution include, but are not limited to, (i) Paxion's knowledge of negotiated commission rates and spreads currently available; (ii) the nature of the security or instrument being traded; (iii) the size and type of the transaction; (iv) the nature and character of the markets for the security or instrument to be purchased or sold; (v) the desired timing of the trade; (vi) the activity existing and expected in the market for the particular security or instrument; (vii) the confidentiality of the transaction; (viii) the execution, clearance, and settlement capabilities, as well as the reputation and perceived soundness of the broker selected and other brokers considered; (ix) Paxion's knowledge of actual or apparent operational problems of any broker; (x) the broker's or dealer's execution services rendered on a continuing basis and in other transactions and (xi) the reasonableness of spreads or commissions. Although Paxion generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved that would thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

When executing a transaction in any investment with or for a Fund, Paxion intends to take all reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.

Paxion, as a matter of policy does not enter into soft dollar arrangements in respect of transactions for any Funds. If Paxion determines to do so, it will endeavor to do so within the “safe harbor” provided by Section 28(e) of the Exchange Act. While Paxion receives proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers. In addition, Paxion maintains a gift policy which requires the reporting and/or pre-approval of certain gifts, travel and entertainment received by Supervised Persons in order for such gifts, travel and entertainment to be reviewed by compliance personnel for any appearance of, or actual, conflicts of interest.

The purchase or sale of securities may be aggregated for various Funds to the extent that more than one Fund is acquiring or selling securities in the same Portfolio Investment. Where a sale opportunity is identified for an investment held by two or more Funds, the opportunity will be allocated in accordance with the applicable Partnership Agreements and the Allocation Policies described in Item 11 above. Paxion will generally aggregate the securities that are to be disposed of, if that is the most efficient means to dispose of the securities.

Paxion does not receive client referrals from broker-dealers or third parties.

Paxion does not engage in any directed brokerage practices.

Item 13: Review of Accounts

The members of the Management Committee, currently James Davidson, Michael Marks and Fritz Wolff, 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 Investment or its exit options. In these reviews, Paxion will re-examine its investment hypothesis, update forecasts of Portfolio Investment 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 Fund. A typical report includes: a letter from the general partner of the Fund and overview of a Fund’s performance, a portfolio update, a schedule of investments, and financial statements.

Item 14: Client Referrals and Other Compensation

Paxion or its affiliates may receive remuneration from companies in which Funds invest and in connection with Fund investments as described above under “Fees and Compensation” and “Conflicts of Interest - Remuneration of Paxion Affiliates by Companies in Which Funds Invest” under “Code of Ethics, Participation or Interest in Client Transactions and Personal

Trading”. Also, Paxion’s investment professionals who serve on the board of directors of Portfolio Investments may receive cash compensation, options and/or restricted stock in their capacity as directors. As provided in the applicable Fund Agreement, in some cases this remuneration reduces the Management Fee otherwise payable and in other cases it does not.

Paxion does not directly or indirectly compensate any person for client or investor referrals.

Item 15: Custody

Paxion is deemed to have custody for purposes of the Advisers Act of each Fund’s cash and securities by virtue of being, or its relationship with, such Fund’s general partner. Except as permitted by the Advisers Act, such cash and securities are maintained in accounts established with qualified custodians, as defined in Rule 206(4)-2 of the Advisers Act. Such accounts are in the name of the relevant Fund.

The Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Such Fund’s audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each investor within 120 days of such Fund’s fiscal year end. Limited Partners in such Funds will not receive statements from any custodians.

Item 16: Investment Discretion

Except as otherwise described herein, Paxion generally has discretionary authority to determine, without obtaining specific consent from the Funds or their Limited Partners, the securities and amount to be bought or sold. Any limitations on authority are included in the Fund Agreements.

In addition, the Funds may enter into side letters with one or more investors without the approval of any other investor that have the effect of establishing rights under, or altering or supplementing the terms of the Fund Agreements or any Subscription Agreement of the Funds. As a result of such side letters, certain investors may receive additional benefits that other investors will not receive. The other investors will have no recourse against Paxion or any of its affiliates in the event that certain investors receive additional or different rights or terms as a result of such side letters.

Item 17: Voting Client Securities

Paxion has adopted written policies and procedures regarding proxy voting as part of the Compliance Manual. In the event that Paxion is required to vote proxies its Paxion’s policy to exercise the proxy vote in the best interest of the applicable Fund taking into consideration all relevant factors including without limitation, acting in a manner that Paxion believes will maximize the economic benefits to a Fund and promote sound corporate governance by the issuer. Whenever Paxion is required to exercise a vote for a privately-held Portfolio Investment,

Paxion applies the standards and procedures described above. However, Paxion may determine not to cause Funds to participate in bankruptcy proceedings or class action lawsuits.

Item 18: Financial Information

Paxion, its general partner, and the members of the general partner of Paxion have never filed for bankruptcy and Paxion is not aware of any financial condition that is expected to affect its ability to provide investment management services to the Funds.