

Item 1 – Cover Page**J.C. FLOWERS & Co. LLC**

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This brochure provides information about the qualifications and business practices of J.C. Flowers & Co. LLC. If you have any questions about the contents of this brochure, please contact us at (212) 404-6800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

J.C. Flowers & Co. LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Copies of this brochure may be requested by contacting Lauren Haag at (212) 404-6809 or lhaag@jcfc.com. Additional information about J.C. Flowers & Co. LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure does not contain any material changes from the brochure filed on March 30, 2016; however, Item 5 has expanded upon the description of certain fees and expenses, and Item 11 has expanded upon the description of certain potential conflicts of interest.

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Item 4 – Advisory Business

- A. J.C. Flowers & Co. LLC (“JCF”, “JCF&Co” or the “Adviser”), a Delaware limited liability company, provides investment advisory services to various private partnerships and other private investment vehicles (each, a “Fund” or a “Client”)¹, including identifying, evaluating, structuring and negotiating prospective investments, managing portfolio companies post-acquisition and advising the Funds with respect to disposition opportunities. An affiliate of JCF&Co generally serves as the general partner (or similar managing body) of each Fund.

Interests in the Funds are only offered to qualified investors via private placement.

Mr. J. Christopher Flowers (“Mr. Flowers”) founded JCF&Co’s advisory business in 1998. Mr. Flowers is the Adviser’s sole owner.

- B. JCF&Co provides discretionary investment advisory services that generally seek to generate long-term capital appreciation by making privately negotiated and open market investments in the equity and debt securities of financial services companies. Financial services companies generally include banks, insurance and reinsurance companies, asset management and brokerage houses, consumer and commercial finance businesses, mortgage originators and guarantors, and other companies and firms providing supporting technology or services for financial services companies.
- C. Each Fund has a set of specific guidelines which are set forth in the governing documents of the applicable Fund and its offering documents. These guidelines may provide for limits on the size, concentration, geography, type of security and/or terms of the Fund’s investments.
- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2016, JCF&Co managed approximately \$6,735,962,000 of regulatory assets under management on a discretionary basis.

Item 5 – Fees and Compensation

- A. JCF&Co’s fee and compensation arrangements vary among the Funds. The specific terms of such arrangements are established by JCF&Co, as modified by negotiations with investors in the applicable Fund, and as set forth in each Fund’s Investment Advisory Agreement and governing documentation, which is received by each investor prior to investment in such Fund.

¹ “Fund” or “Client” means a private investment fund to which JCF provides investment advice and/or invests on a discretionary basis. The individuals and other persons that invest in the JCF-sponsored private investment funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not include “investors.”

As compensation for its services, JCF&Co typically receives a management fee (the "Management Fee") from each Fund. Generally, prior to the earliest of (i) the expiration of a Fund's commitment period, (ii) the date on which capital commitments have been fully drawn down and (iii) the date on which a management fee becomes payable by investors in a successor fund, the Management Fee is based on a percentage of the aggregate capital commitments of the Fund's third party investors. Thereafter, the Management Fee is generally based on a lower percentage of the aggregate invested capital of third party investors. The Management Fee is due and payable from each Fund four (4) times per calendar year, as provided in each Fund's Investment Advisory Agreement, as further described below. The terms of the Management Fee vary among the Funds, as well as among investors in the same Fund.

In addition to the Management Fee, in connection with the affairs of a Fund, JCF&Co and its affiliates (including JCF Securities) and employees have received and are expected in the future to receive from actual or prospective portfolio companies, a Fund or their respective affiliates (i) monitoring fees, organization fees, set-up fees, financial advisory fees, transaction fees and other similar fees, either in cash or securities, (ii) cash and non-cash directors' fees and (iii) termination, break-up and topping fees. A Fund's Management Fee will be offset, or reduced, by all or a portion of such other fees, as provided in the governing documents of the applicable Fund. The Management Fee of certain Funds has in the past been, and may in the future be, further reduced, waived or rebated at the sole discretion of JCF&Co.

Investors that participate in co-investment opportunities ("co-investors") may be charged certain fees, including Management Fees. However, not all co-investors will be charged the same fees, and some co-investors have in the past and may in the future be charged fees at more favorable rates. JCF&Co and its affiliates have in the past and may in the future waive or modify a co-investor's obligation to pay the fees at the time of admission of such investor to the co-investment vehicle. Specifically, JCF&Co expects fees to be waived or reduced for co-investors that are JCF&Co employees and other "friends and family" of the firm, as well as for co-investors that are deemed "strategic investors" (as described in section 11 below). In addition, each co-investor that is a limited partner of J.C. Flowers IV LP ("JCF IV") or the holder of any managed account advised by an affiliate of JCF&Co is not subject to the fees or carried interest on aggregate co-investment capital commitments up to the amount of its capital commitment to JCF IV or such managed account. Fees may be payable to JCF&Co or an affiliate thereof, including JCF Securities and / or JCFAM.

JCF has a conflict of interest to the extent that it has an opportunity to earn a fee in connection with an acquisition or disposition or of a portfolio investment. However, JCF believes that the Management Fee offset provisions described above substantially mitigates this potential conflict.

Moreover, JCF and its personnel can be expected to receive certain intangible and/or other

benefits and/or perquisites arising or resulting from their activities on behalf of the Funds which will not be subject to the management fee offset or otherwise shared with the Funds or their limited partners. For example, airline travel or hotel stays incurred as Fund expenses typically may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to JCF and/or such personnel (and not the Funds or their limited) even though the cost of the underlying service is borne by the Funds.

- B. The general partner of a Fund generally causes the Management Fee to be paid to JCF by or on behalf of a Fund by (i) requiring investors in the Fund to make capital contributions, (ii) withholding from investment proceeds that would otherwise be distributable to investors in the Fund or (iii) causing the Fund to borrow money.

Consistent with each Fund’s governing documentation, each Fund typically bears and is charged with the costs and expenses of its operations, including without limitation (i) fees and expenses of administrators, custodians, attorneys, accountants and other professionals (including audit and certification fees and the costs of preparing, printing and distributing financial and tax reports to investors), (ii) out-of-pocket fees and expenses incurred in holding, developing, negotiating, structuring and disposing of actual portfolio investments, including, without limitation, any financing, legal, accounting, advisory, consulting and travel expenses, which include expenses for first class or equivalent travel and have in the past and may in the future include the cost of non-commercial air travel (to the extent not subject to any reimbursement of such costs and expenses by portfolio investments or third parties) and premium meals and entertainment event expenses (including with portfolio company management, investment partners and service providers) and related costs and/or expenses incidental thereto, and the fees and expenses of senior advisors, industry experts and operating partners of the Adviser either directly or through a Fund’s portfolio company, (iii) out-of-pocket expenses, if any, incurred in connection with all legal and regulatory compliance obligations under U.S. federal, state, local, non-U.S. or other laws and regulations directly related to the making, holding or disposing of portfolio investments (whether such compliance obligations are imposed on the Adviser, the Fund’s general partner, their affiliates, the Fund or any alternative investment structure), including, without limitation, the preparation and filing of (a) Form PF under the Investment Advisers Act of 1940, as amended (the “Adviser’s Act”), (b) Form 13F, Form 13H, Section 16 filings, Schedule 13D filings, Schedule 13G filings and other filings, in each case under the Securities Exchange Act of 1934, as amended, (c) filings required under the European Union’s Alternative Investment Fund Management Directive, (d) TIC Form SLT filings, (e) any forms, schedules, filings, information or other documents necessary to avoid the imposition of withholding or other taxes pursuant to FATCA and FBAR, (f) CFTC Form 4.13(a)(3), CPO-PQR, CTA PR and NFA Form PQR filings, (g) filings under the Hart-Scott-Rodino Antitrust Improvements Act and other antitrust laws and regulations and (g) any other forms, schedules or other filings with

governmental and self-regulatory agencies directly related to the making, holding or disposing of portfolio investments, (iv) fees, costs and expenses related to the organization or maintenance of any intermediate entity used to acquire, hold or dispose of any portfolio investment or otherwise facilitating the Fund's investment activities, including without limitation any travel and accommodation expenses related to such entity; the salary and benefits of any personnel reasonably necessary for the maintenance of such entity; or other overhead expenses in connection therewith, (v) broken deal expenses, to the extent the general partner of the Fund or the Adviser do not elect to bear broken deal expenses, (vi) brokerage commissions, prime brokerage fees, registration fees and expenses, custodial expenses, other bank service fees and other investment costs, fees and expenses actually incurred in connection with actual portfolio investments, (vii) the costs and expenses of any lenders, investment banks and other financing sources, including interest on and fees and expenses arising out of all borrowings, including the arrangement thereof, (viii) the out-of-pocket costs of any litigation, D&O liability or other insurance and indemnification expense permitted by the Fund's governing documents, and any other indemnification expense, extraordinary expense or liability relating to the affairs of the Fund (including the costs of any indemnity or contribution right granted to any placement agent or third-party finder), (ix) the out-of-pocket expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provisions, (x) expenses of liquidating the Fund, (xi) the costs of any Fund meetings, including (1) travel, lodging and related expenses for out-of-town employees of the Adviser to attend such meetings and (2) annual meetings also attended by service providers and other third parties, including prospective investors (which costs will be allocated solely to the Fund and not to such third parties), (xii) taxes (with certain exceptions), fees or other governmental charges levied against or payable by the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund, (xiii) the expenses of "intermediate entities" (which expenses shall be specially allocated to investors with an interest therein), (xiv) the expenses of any committee of investor representatives organized by the general partner, and any firm retained to determine the fair market value of unrealized portfolio investments, (xv) the expenses of any related "feeder fund", (xvii) the expenses of investor meetings, updates and reporting (including travel expenses, which include expenses for first class or equivalent travel and have in the past and may in the future include the cost of non-commercial air travel), (xviii) the expenses of enabling limited partner transfers, (xiv) expenses for meals and transportation for the Adviser's employees that work late or on weekends with respect to Fund-related matters and (xv) other expenses related to the general partner's execution of the Fund's governing documentation.

A Fund generally pays the out-of-pocket expenses incurred in connection with the organization of the Fund and the general partner up to a certain amount, as well as any placement fees associated with the offering of the Fund's interests. However, 100% of all placement fees and

organizational expenses above a certain amount, or “cap”, are offset against, or reduce, the Management Fee on a dollar-for-dollar basis.

Additionally, please see Item 6 below regarding “carried interest” that certain Funds pay.

- C. Typically, the annual Management Fee is payable by a Fund in four installments. In certain cases, subject to the preceding sentence, the Management Fee is calculated with respect to each of two semi-annual Management Fee periods. In other cases, the Management Fee is calculated with respect to four quarterly Management Fee periods. In the event JCF&Co does not provide services for the full management fee period, the Management Fee is typically required to be returned to the investors in the applicable Fund. In general, the amount of fees returned is calculated based on the number days remaining in the applicable period.
- D. Neither JCF&Co nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. In the future, JCF Securities may accept such compensation. For more information, see also Item 10.

Item 6 – Performance-Based Fees and Side-By-Side Management

JCF&Co’s fee and compensation arrangements vary among the Funds. The specific terms of such arrangements are established by JCF&Co, as modified by negotiations with investors in the applicable Fund, and as set forth in each Fund’s governing documentation received by each investor prior to investment in such Fund. Each Fund’s general partner (including affiliates thereof, the “general partner”) typically charges a performance-based fee (referred to as “carried interest”). Carried interest paid by a Fund is indirectly borne by investors in such Fund. Third party investors in all Funds are generally charged carried interest, although a general partner has in the past waived or reduced, and may in the future, in its sole discretion, waive or reduce an investor’s obligation to pay carried interest.

Co-investors may be assessed a carried interest or another performance based fee. However, not all co-investors will be assessed carried interest at the same rate, and some co-investors may obtain more favorable rates than others. JCF&Co and its affiliates have in the past and may in the future waive or modify a co-investor’s obligation to pay carried interest at the time of admission of such investor to the co-investment vehicle. Specifically, JCF&Co expects carried interest to be waived or reduced for co-investors that are JCF&Co employees and other “friends and family” of the firm, as well as for co-investors that are deemed “strategic investors” (as described in section 11 below). In addition, each co-investor that is a limited partner of JCF IV or the holder of any managed account advised by an affiliate of JCF&Co shall not be subject to the carried interest on aggregate co-investment capital commitments up to the amount of its capital commitment to JCF IV or such Managed Account. Fees may be payable to JCF&Co or an affiliate thereof, including JCF Securities and / or JCFAM.

Additionally, the payment by some, but not all, Funds of carried interest or the payment of carried interest at varying rates may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying carried interest or Funds paying carried interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the governing documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

In addition, the carried interest may create an incentive for the general partner to make riskier or more speculative investments on behalf of a Fund than it would otherwise make in the absence of such performance-based arrangement. However, the JCF investment team, including Mr. Flowers, has invested substantial amounts in the Funds, which should reduce this incentive.

Finally, if distributions are made in kind, the amount of any such distribution generally will be accounted for (including for purposes of calculating carried interest) at the fair market value of the distributed property as determined in accordance with procedures specified in each Fund's governing documents.

See Item 11 below for additional information relating to how conflicts of interests are generally addressed by JCF&Co.

Item 7 – Types of Clients

JCF's Clients are generally pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended. Investment advice is provided to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to the investors in such Fund. Investors in the Funds include high net worth individuals, pension plans, endowments, trusts, sovereign wealth funds, financial institutions and other U.S. and non-U.S. corporations.

In general, the minimum initial investment in a Fund is \$10 million, although lesser amounts may be accepted in the discretion of the general partner.

Item 8 – Methods of Analysis, Investment Strategies and Risk Factors

- A. JCF&Co's private equity investment strategy seeks to generate long-term capital appreciation by making privately negotiated and open market investments in the equity and debt securities of financial services companies. Financial services companies generally include banks, insurance and reinsurance companies, asset management and brokerage houses, consumer and commercial finance businesses, mortgage originators and guarantors, and other companies and firms providing supporting technology or services for financial services companies. Generally the Funds acquire such securities with a view to holding them for the medium to long term.

Through its network of relationships across the global financial services industry, JCF&Co seeks to identify potential investments that meet the Funds' investment criteria. JCF's due diligence process is designed to enable its team to evaluate potential investments, including by assessing a potential portfolio company's strengths, weaknesses, and opportunities, developing a view on its value and prospective return, meeting the management team and identifying potential transactional issues. JCF's analysis typically focuses on the target company's (i) business model and competitive environment, (ii) financial structure and performance, (iii) business plan and opportunities for value creation, (iv) management team capabilities and (v) potential for attractive exit opportunities. JCF may seek to leverage the resources of its advisors and the skills of certain portfolio company employees to complement its due diligence process. JCF's investment analysis methods may include fundamental, technical gain/loss forecast models, cash-flow models, sensitivity analysis, charting, fundamental, technical and cyclical analysis.

An investment in a Fund involves a high degree of risk, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Fund and for which the Fund does not represent a complete investment program. There can be no assurance any Fund will meet its investment objectives or otherwise be able to carry out its investment program successfully or that an investor will receive a return of its capital. In addition, there can be no assurance that any Fund will be able to generate returns for investors or that returns will be commensurate with the risks of the Fund's investments. A Fund investment should only be made by persons that can afford a loss of their entire investment.

- B. There are significant risks inherent in the strategy of investing in financial services companies. A Fund may lose all or a substantial portion of its investments. Certain of these risks are summarized below. However, prospective investors should carefully consider all of the risks related to investing in a Fund that are set forth in the private placement memorandum or other offering document for the applicable Fund.

Financial Services Industry Risks

Each Fund's portfolio investments are concentrated in the financial services industry. Concentration in a single industry may involve risks greater than those generally associated with more diversified funds, including disproportionate exposure to risks associated with the financial services industry and significant fluctuations in returns.

Financial services companies have asset and liability structures that are essentially monetary in nature and are directly affected by many factors, including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of

customers and counterparties, and the level and volatility of trading markets. A change in any of these factors could adversely impact the value of financial instruments held by and the balance sheets of financial services companies.

The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal or other policies that are adopted by various governmental authorities and international bodies. Factors such as the liquidity of the global financial markets, the volatility of financial instruments, investor sentiment, and the availability and cost of credit may significantly affect the activity levels of customers with respect to size, number and timing of transactions. A change in any of these factors could lead to a decline in the volume of transactions that financial services companies execute for their customers and decrease their overall profitability.

The financial services industry is extremely competitive. Technological advances and the growth of e-commerce have made it possible for non-financial institutions to offer products and services that have been traditionally offered by financial services institutions. It is expected that competitive conditions in the industry will continue to intensify.

Financial services companies operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties, fines, license suspension or termination of deposit insurance. In addition, in order to comply with banking laws, rules and regulations, a Fund may be required to invest in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules and regulations. Further, investments in financial services companies often require the approval of various regulatory bodies and there is no guarantee that such approvals will be obtained.

The financial services industry is highly dependent on communications and information systems and is exposed to many types of operational risks, including the risk of fraud or security breaches by employees or other parties, record keeping errors, errors resulting from faulty or “hacked” computer or telecommunication systems, computer failures or interruptions, and damage to computer and telecommunication systems caused by internal or external events.

The disturbances in the United States and global financial markets that began in 2008 illustrated the possibility of extraordinary and unprecedented uncertainty and instability in such markets. There can be no assurances that conditions in the global financial markets will not adversely affect one or more of a Fund’s portfolio companies, its access to capital or leverage or its overall performance.

- C. There are significant risks and potential conflicts of interest inherent in investing in private pooled investment funds. Certain of these risks and potential conflicts of interest are summarized below. However, prospective investors should carefully consider all of the risks and potential conflicts of interest related to investing in a Fund that are set forth in the private placement memorandum or other offering document for the applicable Fund.

Investment Risks

No Assurance of Investment Return. There can be no assurance that any Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Fund participates. Accordingly, an investment in a Fund should only be considered by persons who can afford a loss of their entire investment. **There can be no assurance that projected or targeted returns for any Fund will be achieved.**

Role of JCF Professionals. The success of each Fund will depend in part upon the skill and expertise of Mr. Flowers and JCF&Co's investment professionals and, where applicable, the management of portfolio companies. There can be no assurance that Mr. Flowers or any such other professionals will continue to be associated with JCF&Co throughout the life of any Fund and a loss of the services of Mr. Flowers and other key personnel could impair JCF&Co's ability to provide services to a Fund.

Reliance on the General Partner and Adviser. The general partner and investment adviser of a Fund will have exclusive responsibility for a Fund's activities, and, other than as may be set forth in a Fund's governing documents, investors will not be able to make investment or any other decisions concerning the management of a Fund.

Methods of Investment Analysis. JCF seeks to conduct reasonable and appropriate analysis and due diligence of its investments based on the facts and circumstances applicable to each investment. The objective of such analysis and due diligence is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence and making an assessment regarding an investment, JCF relies on available resources, including information provided by the target of the investment and, in some circumstances, third-parties. As a result, the due diligence process may at times be subjective. Accordingly, JCF cannot be certain that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities.

Market Conditions and Financial Market Fluctuations. A lack of liquidity in the capital markets may make it significantly more difficult for sponsors like JCF&Co to obtain favorable financing

for investments, and the financing that is available may be on much less favorable terms than had been prevailing in the past. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type that began in 2008, may reduce the availability of attractive investment opportunities for the Funds and may affect a Fund's ability to make investments and the value of the investments held by a Fund. Instability in the securities markets and economic conditions generally may also increase the risks inherent in a Fund's investments. Certain governments are continuing to take significant measures both in response to such turmoil (whether regulatory or financial in nature) and in an effort to increase liquidity. It is unclear whether such measures will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that a Fund will be able to exit from its investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when JCF&Co believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of a Fund to buy, sell and partially dispose of their portfolio company investments. A Fund may be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that JCF&Co believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

Business Continuity and Disaster Recovery. JCF's, the Funds' and their portfolio companies' business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although JCF has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Funds may be adversely affected.

Cyber Security Breaches and Identity Theft. JCF's, the Funds' and their portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and / or usage errors by their respective professionals. Although JCF has implemented various measures to manage risks relating to

these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, JCF, a Fund and / or portfolio company may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in JCF's, such Fund's and / or such portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm JCF's, such Fund's and / or such portfolio company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies. Before making portfolio investments, JCF will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each portfolio investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to JCF's reduced control of the functions that are outsourced. In addition, if JCF is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, JCF will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that JCF carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. Moreover, such an investigation will not necessarily result in the portfolio investment being successful. There can be no assurance that attempts to provide downside protection with respect to portfolio investments will achieve their desired effect and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk.

There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the portfolio investments on an ongoing basis. In the event of fraud by any portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Funds' securities and/ or instruments in such portfolio company. The Funds will rely upon the accuracy and completeness of representations made by portfolio companies and/or their former owners in the due

diligence process to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Counterparty Risk. The Funds are exposed to the risk that third parties that may owe the Funds or their portfolio companies money, securities or other assets will not perform their obligations. These parties include trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, administrators and other financial intermediaries. These parties may default on their obligations to the Funds or their portfolio companies, due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Funds or their portfolio companies, or executing securities, futures, currency or commodity trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. Also, any practice of rehypothecation of securities of the Funds or their portfolio companies held by counterparties could result in the loss of such securities upon the bankruptcy, insolvency or failure of such counterparties.

Public Disclosure. Some of the interests in the Funds are held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to the Funds or their portfolio companies results from Interests being held by public investors, the Funds may be adversely affected. JCF may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisors and/or the accounts they advise could result in JCF and/or the Funds becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain.

Limited Access to Information. Investors' rights to information regarding the Funds will be specified, and strictly limited, in the applicable partnership agreement. In particular, it is anticipated that JCF will obtain certain types of material information from portfolio investments that will not be disclosed to investors because such disclosure is prohibited for contractual, legal or similar obligations outside of JCF's control. Decisions by JCF to withhold information may have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its Interests may have difficulty in determining an appropriate price for such Interests. Decisions to withhold information also may make it difficult for investors to monitor JCF and its performance. Additionally, it is expected that investors who designate representatives to participate on the LP committee of a Fund may, by virtue of such

participation, have more information about the Fund and portfolio investments in certain circumstances than other investors generally and may be disseminated information in advance of communication to other investors generally.

Non-U.S. Investments. Non-U.S. Investments involve certain factors not typically associated with investing in the United States, including risks relating to (i) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (ii) certain economic and political risks, including potential exchange-control regulations and restrictions on non-U.S. investments and repatriation of capital, the risks associated with political, economic or social instability and the possibility of expropriation or confiscatory taxation; (iii) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and differences in government supervision and regulation; and (v) less developed laws regarding corporate governance, fiduciary duties and the protection of investors.

Investments in Highly Leveraged Companies; Use of Leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Investments may involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other changes that affect the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to locate, consummate and exit investments that satisfy its rate of return objectives or realize upon their values or that it will be able to invest fully its committed capital. In addition, if a Fund makes only a limited number of investments, the aggregate returns realized by the Fund's investors could be adversely affected in a material manner by the unfavorable performance of even one such investment.

Illiquid and Long-Term Investments. Investment in a Fund may require a long-term commitment with no certainty of return. Many of a Fund's investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize on such investments in a timely manner. Although investments may occasionally generate some current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition or refinancing of such investment.

Controlling Interests. Because of its equity ownership, representation on the board of directors and/or contractual rights, a Fund may often be considered to control, participate in the management of or influence the conduct of portfolio companies. Under certain circumstances such ownership or roles could be used by third parties as the basis for such parties to assert claims against the Fund or its affiliates whether or not there is any actual liability on such basis. If these liabilities were to arise, a Fund may suffer a significant loss.

Minority Investments. A Fund may invest in securities where it is not a lead or organizing investor. In such cases, a Fund may not be able to exert significant influence or protect its position in a portfolio company. A Fund will be significantly reliant on the existing management and board of directors of such portfolio companies and may be exposed to risks related to third party co-investors. For example, the board and/or third party co-investors may include representation of other financial investors with whom a Fund is not affiliated or other third parties whose interests may be contrary to a Fund's investment objectives and may conflict with such Fund's interests.

Investments Longer than Term. A Fund may make investments which may not be advantageously disposed of prior to the date such Fund will be dissolved, either by expiration of its term or otherwise. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to investors will occur.

Limited Number of Investments. A Fund may participate in a limited number of investments and, as a consequence, the aggregate return of such Fund may be substantially adversely affected by the unfavorable performance of a single investment. In addition, other than as set forth in the applicable Fund's governing documents, investors have no assurance as to the degree of diversification of a Fund's investments.

Legal, Tax and Regulatory Changes. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. There is a material risk that regulatory agencies in the United States, Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the funds they sponsor, including a Fund.

Regulatory Complexity and Scrutiny. The global regulatory landscape is complex and evolving quickly. As the burden of compliance with global regulatory obligations increases, the risk of non-compliance also increases. In addition, regulators have recently shown increased scrutiny of private fund investment advisors such as JCF, and the risk of an enforcement action in the event of non-compliance is heightened.

Unregistered Securities. Notwithstanding that JCF&Co is registered as an investment adviser under the Advisers Act, and that the Funds may be considered similar in some ways to

investment companies, the Funds are not required and do not intend to register as such under the Investment Company Act of 1940 and, accordingly, investors are not afforded the protections of such Act.

Indemnification. Each Fund generally will be required to indemnify its general partner, its investment adviser, their affiliates and each of their respective members, officers, directors, employees, consultants, advisors, senior advisors, stockholders, shareholders, partners and other persons who serve at the request of its general partner on behalf of the relevant Fund for liabilities incurred in connection with the affairs of such Fund. JCF typically engages placement agents and other similar finders and consultants in connection with the offering of interests in a Fund and, to the extent permitted by such Fund's governing agreements, causes such Fund to indemnify such agents, finder or consultants. Where applicable, members of an investment committee of investors unaffiliated with JCF&Co of such Fund will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the applicable Fund's governing documents. As a result of the provisions contained in the governing agreement of a Fund, investors in such Fund will in certain cases have a more limited right of action against the general partner than it would in the absence of such limitations.

Failure to Make Capital Contributions. If a limited partner fails to pay when due installments of its commitment to a Fund, and the capital contributions made by non-defaulting investors and borrowings by the Fund are inadequate to cover the defaulted capital contribution, a Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors).

Diverse Investor Group. Investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. As a consequence, conflicts of interest may arise in connection with decisions made by the general partner or investment adviser of a Fund, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to limited partners' individual tax situations.

No Market for Interests; Restrictions on Transfers. Interests in the Funds have not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in the Funds and one is not expected to develop. An investor will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the general partner of the applicable Fund, which consent may be given or withheld in accordance with the

governing documents of the applicable Fund. Withdrawals from the Funds are generally not permitted, and there most likely will be little or no near-term cash flow available to investors as a result of owning the interests. Investors must be prepared to bear the risks of owning interests in the Funds for an extended period of time.

Use of Leverage. Incurrence of indebtedness at the level of the applicable Fund (or entity through which it invests) may, among others, have the following consequences to the investors, including, but not limited to: (i) greater fluctuations in the net asset value of such Fund's assets; (ii) use of cash flow (including capital contributions) for debt service, distributions, or other purposes; (iii) to the extent that Fund revenues are required to meet principal payments, the Partners may be allocated income (and therefore tax liability) in excess of cash distributed and (iv) in certain circumstances, a Fund may be required to dispose of investments at a loss or otherwise on unattractive terms in order to service its debt obligations or meet its debt covenants. There can be no assurance that the Fund will have sufficient cash flow to meet its debt service obligations. As a result, such Fund's exposure to foreclosure and other losses may be increased due to the illiquidity of its investments.

Borrowings are typically secured by assignment of the obligations of the investors to make capital contributions to the applicable Fund and a security interest in portfolio investments. The impact of such borrowing (net of associated costs) increases leverage and results in a higher reported internal rate of return for a Fund than would otherwise be the case had such Fund called capital from investors to fund such investment (in lieu of utilizing such leverage).]

Compliance with the AIFM Directive. The deadline for the transposition of the European Union Alternative Investment Fund Managers Directive (the "Directive") into national law within the member states of the European Union (the "EU") was July 22, 2013. Subject to the availability of any applicable transitional relief, the Directive imposes new requirements on non-EU alternative investment fund managers ("AIFM") which market alternative investment funds ("AIF") to professional investors within the EU. In particular, the Directive requires suitable co-operation agreements to be in place as between the relevant regulators of the jurisdiction of a Fund and each EU member state in which interests in such Fund are being marketed, the absence of which will potentially restrict the ability of JCF to offer interests in such Fund to investors in such EU member states and may therefore limit JCF's ability to attract investors based in the EU and lead to a reduction in the overall amount of capital invested in such Fund. This may, in turn, have an adverse impact upon the operations of a Fund, including the range of investment strategies that such Fund is able to pursue. The Directive may also impose additional disclosure and reporting requirements in relation to a Fund and its investments, compliance with which may involve additional costs, as well as restrictions on early distributions or reductions in capital in respect of EU portfolio companies (the so-called "asset stripping" rules) which may result in additional costs and may limit the use of certain investment and realization strategies (such as dividend recapitalization and reorganizations) which do not apply to non-AIF/AIFM competitors not

subject to the Directive, thereby potentially placing a Fund at a disadvantage to such competitors. In parallel, certain member states of the EU have changed or are contemplating changing their domestic private placement rules, which may also restrict the ability of JCF in similar ways and/or impose additional disclosure and reporting requirements in relation to a Fund. In certain circumstances, non-EU AIFMs may be able to market an AIF within the EU pursuant to a pan-European marketing “passport” instead of under national private placement regimes, provided that the AIFM complies with all relevant provisions of the Directive including, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage, further disclosure and reporting requirements to both investors and EU home state regulators, the independent valuation of an AIF’s assets and the appointment of legal representatives and an independent depository to hold assets. As a result, the Directive could in the future have other adverse effects in relation to a Fund and JCF’s business by, among other things, increasing the regulatory burden and costs of operating and managing such Fund and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting JCF’s ability to recruit and retain these personnel.

Item 9 – Disciplinary Information

JCF&Co does not have any disclosure applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

- A. An affiliate of JCF&Co, J.C. Flowers Securities Co. LLC (“JCF Securities”), is registered with the SEC as a limited purpose broker-dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”). JCF Securities is authorized to provide investment and M&A advisory services to third party clients, as well as to conduct private placements of securities. JCF Securities expects to engage in such activities infrequently on an ad hoc basis. JCF Securities does not intend to hold funds or securities for, or owe money or securities to, clients generally. Certain of the Firm’s management persons are registered representatives of JCF Securities. Certain fees described in Item 5 above may be payable to JCF Securities.
- B. Neither JCF&Co 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 advisor, or an associated person of the foregoing entities.
- C. An affiliate of JCF&Co generally serves as the general partner (or similar managing body) of each Fund. For a description of potentially material conflicts of interest created by the relationship among JCF&Co and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

J.C. Flowers & Co. UK LLP (“JCF UK”), a subsidiary of JCF&Co, renders investment sub-advisory

services to JCF&Co, primarily with respect to investment opportunities in Europe. JCF UK is registered with the UK Financial Conduct Authority pursuant to the United Kingdom's Financial Services Act 2012.

Because JCF&Co's investment strategy is focused on the financial services industry, the Funds have portfolio investments in various types of financial institutions, including but not limited to retail, commercial and investment banks and thrifts, asset management and brokerage houses, and insurance and reinsurance companies, some of which provide investment advisory services. Some of these investments may be deemed "controlled" investments. As a result, certain conflicts of interest with the Fund may arise; for example, as described in Item 11, investment opportunities that may be appropriate for the Funds may be allocated in whole or in part to such entities. However, JCF&Co does not believe such conflicts of interest to be material. In addition, JCF&Co has policies and procedures in place that are designed to mitigate these types of conflicts of interest, although there can be no assurances that such policies and procedures will be effective.

- D. JCF&Co does not recommend, select or receive compensation directly or indirectly from other investment advisers for its Clients or have other business relationships with other investment advisers that are expected to create a material conflict of interest.

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

- A. JCF&Co has adopted a Code of Ethics (the "Code") that sets forth standards of business conduct for its employees. Pursuant to the Ethics Policy set forth in the Code, JCF&Co personnel are required to comply with applicable laws and regulations and make prompt reports of any actual or suspected violations of such laws by JCF&Co or its personnel. JCF&Co personnel who violate the Code may be subject to remedial actions, including, but not limited to, suspension or dismissal. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of JCF's personnel. The Code requires that personnel pre-clear certain public and private personal securities transactions, report personal securities transactions on at least a quarterly basis and provide JCF&Co with a summary of personal securities holdings at least annually. The Code also addresses confidentiality and insider trading, and expressly prohibits personnel from disseminating material nonpublic information or using such information to inappropriately benefit any party through securities trading activities. Personnel are required to provide a written certification as to their compliance with the Code on an annual basis.

Copies of JCF's Code will be provided to any existing or prospective Client upon request.

- B. From time to time, consistent with a Fund's investment objectives and subject to satisfaction of the policies and procedures set forth in the Code, the Firm's compliance manual (the "Compliance Manual"), the Fund's governing documents and applicable law, JCF&Co has

recommended, and may in the future recommend, that a Fund acquire or sell securities in which a JCF&Co related person has a pre-existing direct or indirect interest, and an affiliate of JCF has caused, and may in the future cause, the Fund to effect the recommended transaction. A potential conflict of interest could arise in that the interested JCF&Co related person could benefit from such a purchase or sale of the applicable security by a Fund. However, the Firm has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions. Certain terms of the Funds' governing documents and the equity participation of JCF&Co related persons in the Funds further mitigate such conflicts.

- C. From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual, the Fund's governing documents and applicable law, a JCF&Co related person has acquired and sold, and may in the future acquire or sell securities in which a Fund has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested JCF&Co related person could benefit from the Fund's ownership of, or subsequent sale of, the applicable security. However, the Code and the Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of JCF&Co related persons. In particular, the Code requires that JCF related persons abide by policies and procedures, including a pre-clearance procedure, in connection with their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.
- D. From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Fund's governing documents, JCF&Co has established, and may in the future establish, certain investment vehicles through which JCF&Co personnel and other related persons or business associates may invest alongside a Fund in one or more investment opportunities. Such vehicles, referred to as "co-investment vehicles," generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles are generally not required to pay management fees or carried interest. The General Partner may permit certain strategic investors (which may consist of third parties or limited partners) to invest in transactions in which the Funds invest if JCF&Co determines in good faith that their investment will provide business benefits to a Fund in sourcing, consummating, managing or exiting portfolio investments (including where an investor can invest or commit to invest a significant amount of capital in a short period of time). See "Allocation of Investment Opportunities" below for further information regarding allocation of co-investments.

JCF may also form managed accounts to permit an investor to participate in investments pursued by a Fund. Investment opportunities generally will be allocated between a Fund and a managed account on the basis of available capital. In determining available capital, JCF may take into account the contractual terms of the managed account, as well as any legal, tax, regulatory, accounting or other similar considerations. JCF expects that investors in managed accounts will have the right to opt out of participating in investment opportunities that would otherwise be allocated to the managed account. To date, JCF has formed one managed account and the investor therein has the right to opt into investment opportunities alongside JCF IV, and JCF IV, rather than the investor, bears broken deal expenses with respect to the investments that such investor does not opt into.

Other Potential Conflicts of Interest

JCF&Co and its related entities engage in a broad range of activities, including investment activities for their own accounts and for the accounts of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. For example, JCF&Co has an affiliated fixed income asset management platform, J.C. Flowers Asset Management ("JCF AM"). JCF AM was formed to evaluate potential investments in fixed income, credit, structured products and similar assets (any Fund or Client investing in such investments, a "Fixed Income Fund"). Investors should be aware that in the ordinary course of conducting its activities, there will be occasions when the interests of a Fund will conflict with those of JCF&Co, other Funds and/or their respective affiliates. Certain potential conflicts of interest are summarized below or described elsewhere herein. However, prospective investors should carefully consider all of the potential conflicts of interest and other risks related to investing in a Fund that are set forth in the private placement memorandum or other offering document for the applicable Fund.

Carried Interest. As described in Item 6, carried interest may create an incentive for the general partner of a Fund to make riskier or more speculative investments on behalf of such Fund than would be the case in the absence of this arrangement.

Other Fees. As described in Item 5, JCF&Co and its related persons have received and may in the future receive, from prospective portfolio companies, actual portfolio companies, the Funds or their respective affiliates, certain fees, for example monitoring fees, organization fees, set-up fees, financial advisory fees, transaction fees and other similar fees, either in cash or securities, termination, break-up and topping fees, and cash and non-cash directors' fees, including any such fees payable in the form of warrants, options, derivatives and other rights in respect of securities owned by the Funds and otherwise. Such fees will be in addition to any Management Fees or carried interest paid by the Funds to JCF&Co. This creates a conflict of interest between JCF&Co and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have

an interest in these fees and reimbursements. JCF&Co determines the amount of these fees and reimbursements in its own discretion, subject to the Fund partnership agreements, agreements with sellers, buyers, and negotiations with management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions. While the amount of fees paid to JCF&Co by the Funds and portfolio companies are disclosed to the LP committee, neither the LP committee nor the investors in a Fund are given the opportunity to review the agreements pursuant to which such fees are paid prior to their being finalized. JCF&Co and its affiliates will in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in each Fund's Investment Advisory Agreement and/or governing documents. As a general matter, the portion of fees received from portfolio companies that is allocable to capital invested by the applicable Fund (and not co-investors) will be applied to reduce the Management Fees of that Fund. As a general matter, the portion of fees received from portfolio companies that is allocable to capital invested by co-investment vehicles will be retained by JCF and will not be applied to reduce the Management Fees paid by a Fund (even if the governing agreements of such co-investment vehicles provide for lower or no management fees for the investors or participants therein).

Allocation of Investment Opportunities. In connection with its investment activities, and subject to satisfaction of the policies and procedures set forth in Compliance Manual, JCF&Co has in the past and may in the future encounter situations in which it must determine how to allocate investment opportunities among various Clients and other persons, including but not limited to the Funds, a Fixed Income Fund, portfolio companies of the Funds, co-investment vehicles that have been formed to invest side-by-side with one or more Funds (the investors in such co-investment vehicles may include employees, business associates and other "friends and family" of JCF or its personnel; individuals and entities that are also investors in one or more Funds ("JCF investors"); and/or individuals and entities that are not investors in any Funds ("non-LPs")) and investors whose co-investment JCF determines in good faith will provide business benefits to a Fund in sourcing, consummating, managing or exiting portfolio investments (including where an investor can invest or commit to invest a significant amount of capital in a short period of time) ("strategic investors"). In such circumstances, JCF will allocate such opportunities on a basis that JCF determines in good faith to be fair and equitable taking into account applicable Investment Allocation Requirements (as defined below), the sourcing of the transaction, the nature of the investment in relation to the activities, focus and target return profile of each applicable entity, the amounts of capital available for investment, confidentiality or other restrictions to which the firm is subject in being afforded access to such opportunity and other considerations deemed relevant by JCF in good faith. Specifically, JCF may allocate investment opportunities to a Fund or Client based on the anticipated targeted investment returns, Fund size and / or portfolio construction based solely on JCF's expectations at the time

such investments are made. However, there can be no assurances that the actual investment returns, Fund size and / or portfolio construction will be in line with such targets and such investments may as a result prove to have been suitable for another Fund. In addition, JCF may seek to allocate a certain portion of a large investment to a Fund with the intention of raising co-investment to take up the remaining portion; however there can be no assurances that the targeted amount of such co-investment funds will be raised, and the Fund may end up with a larger allocation than initially intended. Finally, JCF may enter into side letters or other similar agreements with investors in a Fund or managed account that include special rights with respect to co-investment (including the right to allocations of co-investment opportunities in excess of an investor's pro rata share based on capital commitments or other priority allocations of co-investment opportunities).

It is expected that any prospective investments in any fixed income, debt, structured products or similar securities (including any "equity tranche" of a structured product or similar security) will be offered first to any Fixed Income Fund. Holdings in the securities or debt of an issuer by a Fixed Income Fund may restrict other Funds from investing in, or entering into certain other transactions with, such issuer. In addition, in the process of acquiring or selling investments, JCF, on behalf of one Fund (including a Fixed Income Fund) may have to enter into contractual agreements with counterparties that may limit or restrict the ability of other Funds from transacting in securities and debt associated with those counterparties.

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

The Funds are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"), which may also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are set forth in the governing document pursuant to which the Fund was established (such as a Fund's limited partnership agreement or private placement memorandum), and may also be included in side letters. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow JCF discretion in making allocation decisions among the Funds, JCF will allocate opportunities in its sole discretion.

The appropriate allocation among the Funds, any managed accounts 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 JCF and its affiliates in their good faith discretion, consistent with the policies and procedures of the Firm and the organizational documents of the Funds, as applicable. Such “broken deal” expenses will generally not be allocated to managed accounts or co-investment vehicles. There may be occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

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

Material, Non-Public Information. By reason of their responsibilities in connection with their other activities, JCF&Co professionals may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be able to act upon any such information. Due to these restrictions, JCF&Co will not be able to initiate a transaction on behalf of a Fund that it otherwise might have initiated and will not be able to sell an investment that it otherwise might have sold.

Service Providers. Certain advisors and other service providers, or their affiliates, (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) to a Fund, JCF or their portfolio companies may also provide goods or services to or have business, personal, political, financial or other relationships with JCF. Such advisors and service providers may be investors in a Fund, affiliates of JCF, affiliates of JCF employees or employees’ family members, sources of investment opportunities or co-investors or counterparties therewith. These relationships may influence JCF in deciding whether to select or recommend such a service provider to perform services for a Fund or a portfolio company (the cost of which will generally be borne directly or indirectly by the applicable Fund or portfolio company, as applicable).

In addition, JCF expects to engage one or more administrators to perform certain functions in relation to the Funds, including but not limited to maintaining the books and records of the Funds calculations of carried interest, unpaid capital commitments, management fees, contributions and distributions, preparing contribution and distribution notices, maintaining an

investor portal and posting to investors, assisting in the audit process, assisting with investor requests, preparing internal rate of return calculations and financial highlight ratios, preparing quarterly GAAP financial statements, providing domiciliation in foreign jurisdictions, preparing wire transfers, reconciling cash accounts, providing anti-money laundering and “know your client” services, and maintaining a database with investor information. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to JCF or its affiliates as compared to services provided to the Funds and their portfolio companies, which may result in more favorable rates or arrangements than those payable by the Funds or such portfolio companies

Side Letters. The general partner of a Fund generally enters into side letters or other similar agreements with certain investors in connection with their admission to such Fund without the approval of any other investor. Such side letters or other similar agreements may alter and/or supplement the terms of the 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) fee arrangements with respect to such investors; (ii) excuse rights applicable to particular investments or withdrawal rights from the Fund, including without limitation, as a result of an investor’s specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called “pay-to-play” rules with respect to public pension plan investors, (which may materially increase the percentage interest of other investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of Fund); (iii) reporting obligations of the applicable general partner; (iv) waiver of certain confidentiality obligations; (v) consent of the applicable general partner to certain transfers by such investor; (vi) special rights with respect to co-investment; (vii) rights or terms necessary in light of particular legal, public policy or regulatory characteristics of an investor; (viii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (ix) additional obligations and restrictions of the general partner and the Fund with respect to the structuring of any particular Investment in light of the legal, tax and regulatory considerations of particular investors; (x) agreements to assist with the taking or defending of tax positions; and (xi) certain obligations and restrictions on the general partner with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms.

Except as otherwise agreed with an investor, the general partner of a Fund does not have an obligation to give investors notice of any side letters entered into. However, subject to confidentiality obligations, the general partner may, upon request, make available copies of all side letters or a compendium containing the provisions of any such side letters, which may be redacted of any identifying information. Such copies or compendium may be made available to an investor only after such investor has been admitted to such Fund.

Transactions with Investors. JCF&Co and its affiliates from time to time engage in transactions with prospective and actual investors that entail business benefits to such investors. Such transactions may be entered into prior to or coincident with an investor's admission to a Fund or during the term of their investment. The nature of such transactions can be diverse and may include benefits relating to one or more Funds and their respective portfolio companies, as well as benefits to the investors transacted with.

Principal Ownership Interests. From time to time, subject to satisfaction of the policies and procedures set forth in the Compliance Manual, JCF&Co may recommend that a Fund acquire or sell securities in which a JCF&Co related person has a pre-existing direct or indirect interest. In addition, a JCF&Co related person may acquire or sell securities that are recommended to a Fund or in which a Fund has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested JCF&Co related person could benefit from the Fund's actual or potential investment in, or sale of, the applicable security. Alternatively, the JCF&Co related person could benefit from an investment or divestiture opportunity that would otherwise have been available to the Fund. Finally, the Funds may incur expenses related to the developing, negotiating and structuring of prospective or potential portfolio investments that are not ultimately made (i.e., broken-deal expenses), which such expenses could be deemed to benefit the issuer and the interested JCF&Co related person. In addition, a Fund (including a Fixed Income Fund) or JCF related person may make an investment in a portfolio company in which another Fund has or is concurrently making a different principal investment (e.g., a mezzanine or senior debt investment). In such situations, the various Funds may have conflicting interests (e.g., over the terms of, or actions taken with respect to, their respective investments). If the portfolio company in which one Fund or JCF related person has an equity investment and in which another Fund or JCF related person has a debt investment becomes distressed or defaults on its obligations under the debt investment, JCF would likely have conflicting loyalties between its duties to both Funds. In that regard, actions may be taken for one Fund or JCF related person that are adverse to the other party. JCF&Co has policies and procedures in place that are designed to mitigate these types of conflicts of interest, but there can be no assurances that such policies and procedures will be effective.

Asymmetrical Information. Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity (see above) may ask different questions and request different information, JCF&Co may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Related Party Transactions. JCF&Co has contracted in the past, and may in the future, in its discretion, contract with a related person (including but not limited to a portfolio company of a Fund, JCFAM or an entity with which JCF or its affiliates or a member of their personnel has a relationship or from which JCF or its affiliates or their personnel otherwise derives financial or

other benefit) to perform services in connection with its provision of services to the Funds. When engaging a related person to provide such services, JCF may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. JCF&Co has in place policies that are designed to mitigate any conflicts of interest with respect to the above recommendations, but there can be no assurances that such policies and procedures will be effective.

JCF&Co has recommended in the past, and may in the future, in its discretion, recommend to a Fund or to a portfolio company thereof that it contract for services with (i) JCF or a related person (including but not limited to a portfolio company of a Fund or JCF AM), (ii) an entity with which JCF or its affiliates or a member of their personnel has a relationship or from which JCF or its affiliates or their personnel otherwise derives financial or other benefit or (iii) a JCF investor. When making such a recommendation, JCF may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

Employees of JCF serve as directors of portfolio companies. Such employees are required to remit any remuneration they receive as directors to the applicable Funds, and each Fund's Management Fee will be offset, or reduced, by all or a portion of such other fees, as provided in the governing documents of the applicable Fund. Any exceptions are disclosed to the advisory committee of the applicable Fund.

JCF Securities. An affiliate of JCF, JCF Securities, is a broker-dealer registered with the SEC and a FINRA member. JCF Securities is authorized to provide investment and M&A advisory services to third party clients (which may include the Funds), as well as to conduct private placements of securities.

JCF Securities may from time to time in the future participate in the syndication of opportunities to co-invest in portfolio investments alongside a Fund and third parties, and/or provide advisory services to portfolio investments of a Fund. JCF Securities may also be involved in the public or private placement of securities and instruments issued by portfolio investments of a Fund. JCF Securities may also in some cases act as a broker in transactions on behalf of a Fund, and/or provide advisory services to a Fund or existing or potential portfolio investments of a Fund.

JCF Securities and other affiliates of JCF may receive fees, commissions and other compensation in respect of the foregoing activities. JCF Securities may act as the placement agent for a Fund in respect of securities or instruments issued by a Fund. JCF uses JCF Securities as broker-dealer in any transaction only if such use is consistent with JCF's fiduciary duties. The relationship JCF has with JCF Securities may give rise to a conflict of interest between JCF and a Fund that has an interest in any portfolio investments or investment vehicles with respect to which JCF Securities provides services. In particular, JCF may have an incentive to seek to influence the decision by a portfolio investment's management to retain JCF Securities, or to otherwise transact with JCF Securities, instead of other unaffiliated broker-dealers or other service providers or counterparties that may be more appropriate or offer better terms. JCF could also have an incentive to structure portfolio investment transactions, including related co-investment opportunities, so that they require the use of a broker-dealer (and consequently provide an opportunity for JCF Securities to be retained by a portfolio investment or acquisition company established for the relevant transaction and generate fees, commissions or other compensation).

JCF generally will evaluate any such transactions on a case-by-case basis to address any such conflicts. Transactions involving a Fund and JCF Securities are also reviewed with regard to the appropriateness of the transaction and any fiduciary obligations. JCF Securities may have access to confidential and/or material non-public information regarding a Fund or its portfolio investments and, subject to applicable law, may use such information in connection with services provided by JCF Securities.

Resolution of Conflicts of Interest

In the case of all conflicts of interest which are not managed pursuant to a contractual obligation, policy or procedure, JCF&Co's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, JCF&Co considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth in the Funds' governing documents. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless JCF believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds;
- Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees

meet as required to consult with the Adviser as to certain material potential conflicts of interest. Where conflicts of interest are not presented to the advisory committee, the Adviser will be guided by its good faith discretion;

- Where the Adviser deems appropriate, unaffiliated third parties and professional advisors may be consulted to help resolve conflicts;
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- The Adviser will seek to treat its clients fairly and equitably.

Item 12 – Brokerage Practices

- A. JCF&Co has full discretionary authority in selecting broker-dealers for the Funds' transactions, as applicable. JCF&Co primarily invests in private securities, and does not frequently engage in the high volume trading of public securities. In order to monitor best execution of the limited number of public securities transactions in which JCF&Co may engage, the CFO, in consultation with the CCO, will periodically review the Funds' engagements of broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Firm and each Fund.
1. JCF&Co does not have any soft dollar arrangements.
 2. In the private equity context, client referrals are not relevant to JCF&Co's selection or recommendation of broker-dealers.
 3. JCF&Co does not engage in directed brokerage arrangements.
- B. In the private equity context, aggregation of the purchase or sale of securities for multiple client accounts is generally not relevant.

Item 13 – Review of Accounts

- A. The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly JCF&Co's review of them is not directed toward a short-term decision to dispose of securities. JCF&Co's investment professionals monitor and review the Funds' portfolio investments on an ongoing basis, including, for example, by participating in board meetings and management calls, reviewing annual and interim financial statements, and making ad hoc on-site visits. Each Fund's financial accounts are maintained and monitored by a dedicated Fund controller under the supervision of JCF&Co's CFO and Director of Fund Reporting. In addition, each Fund's financial statements are audited on an annual basis by an independent third-party accounting firm.
- B. Mr. Flowers, in conjunction with JCF's investment committee, regularly supervises and monitors the investment activities of each Fund.

- C. Audited financial statements are provided to investors in each Fund, generally within 120 days of the end of the Fund's fiscal year. Unaudited financial statements and investor-specific account statements are generally provided to investors in each Fund within 45-60 days of the end of such Fund's fiscal quarter.

Written reports describing each Fund's portfolio investments are generally provided to the applicable investors on a semi-annual or quarterly basis. In addition, Fund investors are typically, although not always, invited to participate in an annual investor meeting at which JCF&Co reports on the Fund's portfolio investments and performance. Finally, JCF&Co will hold investor update calls from time to time as it deems appropriate.

Investors may request, or have the right to obtain information relating to a Fund and, to the extent such information is readily available or may be obtained without unreasonable effort or expense, JCF&Co generally will provide such investors with the information requested. Accordingly, such investors may possess information regarding the business and affairs of a Fund that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

Item 14 – Client Referrals and Other Compensation

- A. Other than the compensation described in Items 5, 6 and 8 of this Brochure, no one other than JCF&Co's Clients provide an economic benefit to JCF&Co for providing investment advice or other advisory services. In addition, JCF and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.
- B. Neither JCF&Co nor any of its related persons compensates any person who is not a supervised person for Client referrals. However, from time to time, in the context of organizing a Fund, JCF&Co generally compensates one or more placement agents for referrals of Fund investors, and JCF Securities may serve as such a placement agent. A prospective investor solicited by a placement agent or other third party will be advised of any such arrangement, including the receipt of fees.

Item 15 – Custody

JCF&Co has access to client accounts because its affiliates serve as the general partners of the Funds. Limited Partners will not receive statements from any custodians. Instead, 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. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each Limited Partner in accordance with the applicable Fund's governing agreements.

Item 16 – Investment Discretion

Typically, JCF&Co provides investment advice directly to the Funds on a discretionary basis and not individually to the investors in the Funds. An affiliate of JCF&Co, usually the general partner, accepts discretionary investment authority for each Fund. Generally this discretion is subject only to the investment guidelines set forth in the Fund's governing agreements.

Item 17 – Voting Client Securities

- A. JCF&Co accepts authority to vote the securities held by the Funds. JCF's Proxy Voting Committee, which consists of several managing directors, generally seeks to ensure that public securities owned by a client are voted in accordance with the applicable Fund's best interests and in the interest of maximizing shareholder value. JCF&Co has also instituted a Proxy Voting Policy that is followed by the Proxy Voting Committee in order to identify and manage conflicts of interest. Generally, the CCO reviews all proxy materials of publicly-traded portfolio companies as well as proxy materials for any extraordinary shareholder votes related to private securities in order to identify potential conflicts of interest. If the CCO determines that JCF&Co or an individual Proxy Voting Committee member has a material conflict of interest (or potential conflict) with respect to any issues presented by the proxy, the Proxy Voting Committee will take steps to mitigate the conflict. Similarly, in the event that it is determined that refraining from voting is in the best interest of a Fund's limited partners, JCF will refrain accordingly. The steps to mitigate a potential conflict may include: consulting with legal counsel, disclosing the conflict to the Fund's investor advisory committee (as described in the Fund's governing documents) and requiring any conflicted individual to recuse him/herself from the determination as to how to vote the proxy.

Upon request, a Client may obtain a copy of JCF's Proxy Voting Policy as well as information about how JCF&Co voted any proxies on the Fund's behalf.

- B. See Item 17.A above.

Item 18 – Financial Information

- A. JCF&Co does not require or solicit prepayment of client fees more than six months in advance.
- B. JCF&Co does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.
- C. JCF&Co has never been the subject of a bankruptcy petition.