

**Item 1. Cover Page**

**Constitution Capital Partners, LLC**

300 Brickstone Square, Suite 1001  
Andover, MA 01810

+1 978-749-9600

[www.concp.com](http://www.concp.com)

Part 2A of Form ADV: Firm Brochure  
March 30, 2017

**This brochure provides information about the qualifications and business practices of Constitution Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 978-749-9600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

**Item 2. Material Changes**

This brochure contains several material changes from the last brochure dated as of March 30, 2016, including, but not limited to: (i) additional information on fees, expenses and compensation and (ii) additional information regarding conflicts of interest.

### **Item 3. Table of Contents**

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

For purposes of this brochure, “Adviser” or “CCP” means Constitution Capital Partners, LLC, a Delaware limited liability company, together (where the context permits) with its affiliated general partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates may or may not be under common control with Constitution Capital Partners, LLC, but possess a substantial identity of personnel and/or equity owners with Constitution Capital Partners, LLC. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds, and some may serve as general partners of the Funds.

Adviser provides investment supervisory services to investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (the “Funds”). The Funds offer an investment in limited partnership interests to sophisticated prospective investors. Certain Funds may have only a single investor or group of related investors.

In accordance with the Funds’ respective investment objectives, certain of the Funds (the “Partnership Funds”) make Partnership Investments (as defined below) in high quality, middle market buyout funds. These funds will be principally organized in North America and will primarily invest in portfolio companies located in or having a principal place of business in North America. In addition, certain of the Funds (the “Direct Investment Funds”) make Direct Investments (as defined below) in premium leveraged buyout and growth equity transactions in portfolio companies primarily located in or having a principal place of business in North America.

The Partnership Funds will seek to make investments (“Partnership Investments”) primarily in private equity pooled investment vehicles (“Underlying Funds”). These Underlying Funds will be principally organized in North America and will primarily engage in leveraged buyouts of middle market companies located in or having a principal place of business in North America.

The Direct Investment Funds seek to make direct private equity investments (“Direct Investments”), generally sourced on a co-investment basis with Underlying Funds and with other private equity fund managers identified by Adviser. These Direct Investments will primarily have a principal place of business in North America. The Co-Investment Fund will primarily invest directly in equity securities of private companies on a side by side basis with private equity funds.

Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund, Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund (such documents collectively, a Fund's "Organizational Documents").

The principal owners of Constitution Capital Partners, LLC are Daniel M. Cahill and John J. Guinee, together the "Managing Partners". Adviser has been in business since 2008. As of December 31, 2016, Adviser manages approximately \$2,066.7 million<sup>1</sup> of client assets, all of which is managed on a discretionary basis.

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<sup>1</sup> Calculated using Regulatory Assets Under Management definition for Form ADV Part 1A

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

Adviser or its affiliates generally receive Advisory Fees and Incentive Allocation (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies may also make other payments to Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, may reduce the Advisory Fees payable to Adviser. Additionally, consistent with the Organizational Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Funds, Adviser receives from each such Fund an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital, or remaining invested capital, with respect to such Fund. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Fund are indirectly borne by investors in such Fund.

To the extent Advisory Fees are payable, such fees are generally payable quarterly in advance.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Advisory Agreement and/or Organizational Documents received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described above are generally subject to waiver, modification or reduction by Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. The fee structures described herein may be modified from time to time. Fee may differ from one Fund to another, as well as among investors in the same Fund.

Certain investors in the Funds that are employees, business associates and other “friends and family” of Adviser or its personnel (“Adviser Investors”) will not typically pay Advisory Fees in connection with their investment in a Fund. Notwithstanding that Adviser Investors will generally not pay Advisory Fees, Adviser Investors will pay for their pro rata share of certain Fund expenses or the pro rata portion of such Adviser Investors’ expenses will be allocated to Adviser or the general partner of the applicable Fund.

The Advisory Fees paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) the fees incurred by Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund’s Organizational Documents and/or (3) certain Other Fees (as defined below) received by Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Advisory

Agreement and/or Organizational Documents of the applicable Fund. To the extent, a reduction relates to more than one Fund, Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. Any such reduction of a Fund's Advisory Fees will be limited to the extent of such Fund's proportionate interest in any such portfolio company. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by Adviser and such amounts will not offset any Advisory Fee.

In addition, Adviser may waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of Adviser and certain employees and affiliates of Adviser to invest in such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees may not be subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when Adviser no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, Adviser, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

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

## **Other Fees**

### *Fees Payable by Portfolio Companies*

Adviser and its affiliates may perform transaction-related, financial advisory and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales or other dispositions and similar transactions with respect to such portfolio companies ("Transaction Fees"). Adviser and its affiliates may also receive "Monitoring Fees" pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals, the payment of Monitoring Fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric).

In addition, Adviser and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company ("Director Fees") and in connection with an unconsummated transaction ("Break-Up Fees" and, together with Transaction Fees, Monitoring Fees and Director Fees the "Other Fees"). The amount and timing of Break-Up Fees received by Adviser are generally specified in the agreement or other documentation governing the transaction.

Generally, under the terms of the applicable Organizational Documents, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses

incurred by Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. While Adviser believes that it will receive such Other Fees infrequently, if it does receive such fees, Other Fees may be substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other Fees are in addition to the Advisory Fees, Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such Other Fees in accordance with the Advisory Agreement and/or Organizational Documents of the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

The payment of Other Fees by portfolio companies will, in some, but not all, circumstances create a conflict of interest between Adviser and its affiliates and the Funds and their investors because the amounts of these Other Fees and reimbursements (see “*Expense Reimbursement*” below) are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. Adviser determines the amount of these fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements often will not (except in connection with the reductions described below) be disclosed to investors in the Funds.

From time to time, Adviser may, in its discretion, disclose to an investor the amount of Other Fees allocated to the Fund in which such investor has invested in account statements or other similar periodic reports delivered to investors.

### *Expense Reimbursement*

Additionally, a portfolio company will typically reimburse Adviser for expenses (including without limitation travel expenses, which may include expenses for chartered or first class travel, and meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours), social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to meetings or other events (to the extent such meetings or events are attended by portfolio company personnel), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses) incurred by Adviser in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Organizational Documents, and such reimbursements are not subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

## **Expenses**

### *Adviser Expenses*

To the extent provided in the Advisory Agreements and the Organizational Documents of the Funds, Adviser will pay out of Advisory Fees certain expenses and costs associated with the



performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, compensation and expenses of its partners, officers, directors and employees (other than Incentive Allocation described in Item 6 below) and other normal and routine administrative expenses relating to the services and facilities provided by Adviser to the Funds.

### *Fund Expenses*

Consistent with the Organizational Documents of the Funds, each Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including (i) costs related to the acquisition, ownership and sale of investments (including hedging and derivative transactions), including, fees and expenses of accountants and counsel, brokerage commissions, transaction taxes and due diligence, travel, investment banking, custodian and research expenses, including all such costs with respect to transactions that are not consummated to the extent that such costs are not reimbursed by entities in which the Funds invest or proposes to invest; (ii) transfer, registration and similar expenses incurred by the Funds; (iii) expenses allocable to the Funds as a partner or investor in portfolio investments; (v) fees and expenses of counsel incurred in connection with the review and negotiation of the terms and conditions of investments in portfolio investments; (vi) expenses of the advisory board that advises it on matters related to the Funds; (vii) fees and expenses of consultants, contractors, experts or custodians retained by the Funds or by a general partner on behalf of the Funds; (viii) auditing, reporting, compliance, tax preparation and similar expenses; (ix) interest expense; (x) all extraordinary expenses, such as litigation and indemnification costs and expenses, judgments and settlements (including the expenses of the general partner related to its duties as the “tax matters partner” of the Funds and the “partnership representative,” (xi) insurance premiums of any director and officer liability or other insurance, and extraordinary administrative or operating expenses, including insurance of which the Adviser and its affiliates are beneficiaries and (xii) the Advisory Fee.

From time to time, the general partner of a Fund may create certain “special purpose vehicles” or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors (“SPVs”). In the event the general partner creates an SPV, consistent with the Organizational Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

### *Co-Investment Vehicle Expenses*

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside the Fund may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in the making an investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated

transaction (“Dead Deal Costs”) would therefore be borne by the Fund or Funds selected by Adviser as proposed investors for such proposed transaction. Similarly, co-investment vehicles are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, expenses relating to such co-investment vehicle, may, in certain situations, be borne by another Fund or Funds, regardless of whether such proposed transaction is consummated.

#### *Allocation of Expenses*

In exercising its discretion to allocate investment opportunities and fees and expenses, Adviser 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, Adviser has an incentive to allocate investment opportunities to the Funds from which Adviser or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit.

To the extent not allocated to a portfolio company or an Underlying Fund, Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund’s Organizational Documents or, to the extent not addressed in such Organizational Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Funds, Adviser Investors and Third Parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Adviser and its affiliates in their good faith discretion, consistent with the Organizational Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund. Such expenses typically are not allocated to co-investment vehicles.

With respect to allocating other expenses among Fund(s), co-investment vehicles, Adviser Investors and/or Third Parties, as appropriate, to the extent not addressed in the Organizational Documents of a Fund, Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

**Carried Interest**

Please see Item 6 below regarding “Incentive Allocation” that Funds may pay.

**Brokerage Fees**

Although Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such as the disposition of portfolio securities received by a Fund from an underlying investment, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to certain Funds, a portion of the profits of such Fund is distributed to its general partner, if any, as “carried interest” (an “Incentive Allocation”). Each general partner of a Fund is a related person of Adviser. See Item 5 above for more information about these fees. Incentive Allocation paid by a Fund is indirectly borne by the investors in such Fund. Certain Funds and investors in such Funds may incur lower or no Incentive Allocation.

The payment by some, but not all, Funds of an Incentive Allocation or the payment of Incentive Allocations at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for Adviser to disproportionately allocate time, services or functions to Funds paying an Incentive Allocation or Funds paying Incentive Allocations at a higher rate, or allocate securities to such Funds. Generally, and except as may be otherwise set forth in the Organizational Documents of the Funds, this conflict is mitigated by (i) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (ii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by Adviser.

Adviser has adopted allocation policies which are intended to ensure that investment opportunities are allocated fairly over time. In addition, Adviser periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund. Please see Item 11 for additional information on the allocation policies of Adviser.

Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by Adviser.

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

Adviser provides investment supervisory services to the Funds, most of which are structured as Delaware limited partnerships while others are exempted limited partnerships organized under the laws of the Cayman Islands.

Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

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

The Fund’s typically have a minimum required investment, but minimum investment commitments may be established for the investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund.

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

For Partnership Investments, Adviser reviews approximately 250 investment opportunities each year. Of these investment opportunities, a team of investment professionals (the “Investment Partners”) take meetings with approximately 140 groups, perform due diligence on approximately 50 groups and invest in an average of 5-8 funds each year. Each new fund is assigned two investment professionals. Potential opportunities are reviewed on a weekly basis.

The Investment Partners maintain a forward calendar of future funds to track potential opportunities and proactively contact funds as they are expected to re-enter the market. Adviser focuses on the North American buyout market gives Adviser the expertise necessary to analyze market trends, understand the ideal strategies and identify the top managers.

For Direct Investments, Adviser actively pursues co-investment opportunities with general partners and managers in its relationship network. Adviser’s direct deal experience provides it with the reputation to attract more deal flow and the ability to quickly respond to these transactions. Once an investment opportunity is received, a deal team will be assigned, and an initial deal notification memo is prepared. This memo will be reviewed by the Investment Partners to determine if further due diligence is required.

For Partnership Investments, the process begins with a detailed questionnaire with over 100 unique inquiries. The Investment Partners analyze a private equity fund’s strategy and ensure that this strategy has the potential to deliver strong returns. Adviser uses quantitative tools to analyze and stress the fund’s track record. Adviser makes extensive reference checks to verify the team’s reputation and ability to add-value. To provide maximum investor/limited partner protection and value, Adviser negotiates key terms and investment provisions. The team also evaluates any potential conflicts of interest to ensure that the general partner and limited partner’s interests are aligned. The due diligence items reviewed for Partnership Investments will include the following:

- Validation of the proposed partnership investment’s merits
- Quantitative evaluation of the fund manager’s track record
- Analysis of any changes from the fund manager’s prior strategy
- Extensive reference checks on the individuals in the fund manager
- Evaluation of the management team’s organizational depth and adequacy
- Interviews with other investors
- Review and negotiation of key terms and investment provisions
- Evaluation of any conflicts of interest
- Validate the documentation and actual cash flows for a sample of underlying investments
- Complete onsite visits to at least four underlying companies

For Direct Investments, Adviser works intently with the lead manager to analyze the investment opportunity. The Investment Partners quickly mobilize their resources to understand the industry dynamics and market trends. In addition, certain of the Investment Partners of Adviser personally meet the portfolio company management team in order to evaluate management's ability to execute the investment thesis. Adviser conducts detailed financial analysis, including the creation of financial models and the generation of multiple scenarios to understand the risks. Once the key risks are identified, Adviser ensures that returns justify the risk and that the proper mitigants are in place to limit the downside. The due diligence items reviewed for each prospective Direct Investment include the following:

- Extensive review of company's history, current condition, and future prospects
- Industry analysis including an assessment of the company's competition and industry attractiveness - augmented by third party consulting firms, as required
- Management interviews
- Financial analysis of projections, valuation, and returns
- Creation of Adviser's own scenarios to understand balance between return and risk
- Review of legal due diligence
- Evaluation of deal sponsor

For both Partnership Investments and Direct Investments, the Investment Partners will implement closing procedures as soon as the transaction is approved. The Investment Partners will work with legal counsel to negotiate and execute the appropriate legal documentation. Several checklists are utilized to ensure that all investment procedures are properly completed prior to closing. The investment will be properly entered into Adviser's investment administration system. All key due diligence files and legal files will be stored for future reference.

## **Risks**

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments.

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

### **Partial or Total Loss of Capital**

A fundamental premise of private equity investing is the acceptance of illiquidity and a higher degree of risk than is inherent to public stock or bond investments, in expectation of higher returns. An investment in the Funds therefore involve a substantial degree of risk, and the purchase of partnership interests should be considered only by investors able to bear the risk of loss of all or a substantial portion of their investment. There is no assurance that the Funds will achieve their investment or performance objectives, including without limitation the location of suitable

investment opportunities, or that the Funds will be able to fully invest their committed capital. The possibility of partial or total loss of capital in the Funds exists, and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.

### **Small to Mid-Cap Companies**

Investments in small to mid-cap companies such as those that the Funds (directly or indirectly) target for investment, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

### **Risks Associated with Investing in Small to Mid-Market Funds**

The Partnership Funds target investments in small and middle-market private equity funds. These funds may have less operating experience than larger funds, and often have recently institutionalized their business or are in the process of doing so. Additionally, small funds may be highly dependent on a small number of key individuals and may be adversely affected by such individuals leaving their investment team.

### **Illiquidity of Investments**

The Funds are intended for long-term investors who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. Illiquidity may result from the absence of an established market for investments as well as from legal or contractual restrictions on their resale by the Funds. The investments of the Funds are unlikely to provide current income, which is not an objective of the Funds. Even if the Funds' investments prove successful, they are unlikely to produce a realized return to investors for a period of years from the date of initial investment. It is likely that no significant return from the disposition of the Funds' investments will occur for a significant period of time from the date an investor is admitted to a Fund.

### **Nature of Investment**

Certain of a Fund's investments may be in businesses with little or no operating history. In addition, certain of a Fund's investments may be in businesses with elevated levels of debt or may be investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. The amounts of a leveraged



company's borrowings and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on a leveraged company's performance.

### **Limited Diversification of Investments**

Each Fund may make a limited number of investments, and each Underlying Fund may invest in a limited number of portfolio companies. A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by a Fund may be substantially adversely affected by the unfavorable performance of a small number of these investments.

### **Distressed Investments**

Some of the Partnership Funds' direct or indirect investments may be in distressed companies. Investments in distressed companies, by their nature, are issued or relate to companies in unstable financial condition and entail substantial inherent risks. These risks include uncertainty about the performance of the companies in which the Funds or Underlying Funds will invest, the potential volatility of distressed securities markets (market risk), and uncertainties regarding the outcome and timing of the bankruptcy process. Market risk is affected both by changes in prevailing levels of interest rates, and by changes in the returns investors demand from distressed securities relative to other investment opportunities.

### **Real Estate Investments**

Some of the Partnership Funds' direct or indirect investments may have exposure to real estate (for example, as a landowner or a lender). Investments in real estate related securities are subject to the risks incident to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate are declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates.

### **Factors Affecting Financial Entities**

The Funds or Underlying Funds may make investments in financial entities, including bank holding companies. Financial entities generally 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 (including the Dodd-Frank Wall Street Reform and Consumer Protection Act), 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. Such factors affect customers and counterparties of banking entities and affect the value of financial instruments held by banking entities. Fluctuations in interest rates, which affect the value of assets and the cost of

funding liabilities, are not predictable or controllable and affect economic activity in various regions or could have a material adverse effect on the Funds' operating results and financial condition.

### **Financial Fraud**

Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Funds or Underlying Funds invest may undermine the Adviser's due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of investments. In addition, when discovered, financial fraud may contribute to overall market volatility which could negatively impact the Funds' investment program.

### **Hedging Transactions May Adversely Affect Overall Performance**

The Funds may choose, but are not required, to engage in transactions designed to reduce the risk or to protect the value of their investments, including securities and currency hedging transactions. To the extent, a general partner elects to engage in these transactions, the Funds will incur additional costs, and there can be no assurance that any particular hedging strategy will achieve its intended purpose or that suitable hedging transactions will be available. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions and may result in decreased returns.

### **Co-investment with Third-Parties**

The Direct Investment Funds intend to co-invest in portfolio companies with third-parties (which may include affiliates of the General Partner) through partnerships, joint ventures or other arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-investor or partner may at any time have economic or business interests or goals that are inconsistent with those of the Direct Investment Funds or may be in a position to take action contrary to the Direct Investment Funds' investment objectives. In addition, the Direct Investment Fund may under certain circumstances be liable for actions of its third-party co-investors or partners.

### **Fund Performance Dependent on Unrelated Managers**

Some or all of the Underlying Funds will be managed by portfolio managers unrelated to Adviser, and the Direct Investment Funds may make Direct Investments sourced by these unrelated portfolio managers. While representatives of Adviser may serve on the advisory boards of certain Underlying Funds, neither Adviser nor the Partnership Funds generally will have the opportunity to evaluate the specific investments made by any Underlying Fund and will not have an active role in the day-to-day management of the Underlying Funds. As a result, the returns of the Partnership Funds will depend largely on the performance of these unrelated portfolio managers and could be substantially adversely affected by the unfavorable performance of these portfolio managers. The performance of an Underlying Fund may also rely on the services of a limited number of key individuals, the loss of whom could significantly adversely affect the Underlying Fund's performance. Similarly, although the Direct Investment Funds may seek management rights in

portfolio companies in which it invests directly, the Direct Investment Funds expects to make minority equity investments in portfolio companies where it may not be able to control or influence effectively the business or affairs of such entities. The entity in which Direct Investment Fund's investment is made may have economic or business interests or goals which are inconsistent with those of the Direct Investment Funds, and the Direct Investment Funds may not be in a position to limit or otherwise protect the value of its investment in the portfolio company. In addition, although the Fund may seek board representation in connection with its investments, there is no assurance that such representation, if sought, will be obtained.

### **Competitive Nature of the Funds' Business**

The market for investments in private equity is highly competitive, and successfully sourcing Partnership Investments and Direct Investments can be problematic given the elevated level of investor demand some investment opportunities receive. In addition, the current private equity environment has become even more competitive as hedge funds have begun to compete for investment opportunities that have traditionally been targeted by private equity funds. Similarly, identifying attractive investment opportunities and the right private equity managers is difficult and involves a high degree of uncertainty. Furthermore, Adviser may not be able to obtain as favorable terms as it would otherwise in a less competitive investment environment. Although the Investment Partners have been successful in identifying suitable investments in the past, the Funds will be competing for investments against other investors, including direct investment firms, merchant banks and industrial groups, there is no assurance that either Fund will be able to invest fully its committed capital or that Adviser will be able to identify suitable investment opportunities. A Fund's performance may be adversely affected if such Fund is unable to invest its committed capital.

### **Risks Upon Disposition of Investments**

In connection with the disposition of an investment in a portfolio company, an Underlying Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Underlying Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities for the Underlying Funds and possibly for the Partnership Fund, depending upon retribution obligations owed to the Underlying Funds. The Direct Investment Funds may face similar risks with respect to dispositions of interests in portfolio companies in which the Direct Investment Funds invests directly. The Organizational Documents contains provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the Partners to the extent that they have received distributions from the Funds, subject to certain limitations.

## **General Economic Conditions**

General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) 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, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their 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 to a Fund to sell these securities when the Adviser 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 the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser 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. The ability of portfolio companies to refinance debt securities will depend on their ability to sell new securities in the public high yield debt market or otherwise.

## **Middle Market Companies**

Investments in middle market companies such as those that the Funds intend to invest in, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat

greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

### **Tax Treatment**

There may be changes in tax laws or interpretation of such tax laws adverse to the Funds or their respective Partners. There can be no assurance that the structure of the Funds or of any investment will be tax-efficient to any particular Partner.

### **Unspecified Use of Proceeds**

The Funds have not selected all the investments that it will make. Purchasers of interests will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Funds and, accordingly, will be dependent upon the judgment and ability of the General Partner and Adviser in investing and managing the capital of the Funds. No assurance can be given that the Funds will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Funds will be achieved.

### **Follow-on Investments**

The Direct Investment Funds may be called upon to provide follow on funding for their portfolio companies or have the opportunity to increase their investment in such portfolio companies. There can be no assurance that the Direct Investment Funds will wish to make follow on investments or that they will have sufficient funds to do so. Any decision by a Direct Investment Fund not to make a follow-on investment or its inability to make a follow-on investment may have an adverse impact on a portfolio company in need of such an investment or may diminish such Direct Investment Fund's ability to influence the portfolio company's future development.

### **Failure by Other Investors to Meet Capital Calls of Underlying Funds**

The Partnership Funds, directly or indirectly, may be one of many investors in Underlying Funds, many of which will have capital contribution obligations over an extended period of time. Failure by one or more other investors to meet a capital call of an Underlying Fund could have adverse consequences for the Partnership Funds. The Underlying Fund may be permitted to require the Partnership Funds and other investors in the Underlying Fund to contribute additional capital to satisfy such a shortfall. If the Underlying Fund is unable to raise sufficient capital to consummate the proposed investment, the portfolio manager may not be able to diversify its portfolio, which could adversely affect results of the Underlying Fund and could also result in the investments of the Underlying Fund being concentrated in relatively few industries and regions. Furthermore, the Underlying Fund may not have sufficient capital to contribute capital to existing portfolio companies necessary to ensure their ongoing financial stability. If multiple investors fail to meet capital calls from a particular Underlying Fund, the Underlying Fund could default in its obligations, which could result in the termination of the underlying fund, causing a lower return, or potentially a loss, on the Partnership Funds' investments.

## **Limited Due Diligence**

The Direct Investment Funds may acquire an interest in a prospective portfolio company without direct discussions with the management of the portfolio company. Therefore, the due diligence information on which the Direct Investment Funds rely may be difficult to obtain, limited in scope or inaccurate.

## **Valuation of Assets.**

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

## **Cybersecurity Risk**

Adviser, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of Adviser and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Adviser's systems to disclose sensitive information in order to gain access to Adviser's data or that of the Funds' investors. A successful penetration or circumvention of the security of Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

**Item 9. Disciplinary Information**

Item 9 is not applicable to Adviser.

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

### **Related General Partners**

An affiliate of Adviser acts as the general partner of each Fund.

Various limited liability companies (the “General Partners”) serve as general partners of the Funds. The General Partners are subsidiaries of or otherwise controlled by Adviser. For a description of material conflicts of interest created by the relationship among Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.



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

### **Code of Ethics**

Adviser has adopted a written Code of Ethics that is applicable to all of its partners, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations.

Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps Adviser detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Constitution Capital Partners, LLC: Attention: Chief Compliance Officer.

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

Adviser and certain employees and affiliates of Adviser may invest in the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the Advisory Fee and Incentive Allocation related to investments held by such persons. These arrangements may be limited by the organizational or other documents of a Fund. For further details regarding these types of arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund or a co-investment opportunity (see below) may ask different questions and request different information, Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

### **Conflicts of Interest**

Adviser and its related entities engage in a broad range of activities, including investment activities for their own account, for the account of Adviser’s Funds, and providing transaction-related,

investment advisory, management and other services to funds and other. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time, conflict with the interests of Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how Adviser addresses such conflicts of interest, can be found below.

Adviser may also, from time to time, establish, on a transaction-by-transaction basis, certain pooled investment vehicles through which certain persons may invest alongside one or more Funds in a particular investment opportunity (herein referred to as a “co-investment vehicle”). Co-investment vehicles are typically limited to investing in securities relating to the transaction with respect to which they were organized. As a general matter, each such co-investment vehicle may, in certain instances, be contractually required to purchase and exit its investment in certain investment opportunities at substantially the same time and on substantially the same terms as the applicable Fund(s) that are also invested in that investment opportunity. Such co-investment vehicles do not pay Advisory Fees or Incentive Allocation.

### **Resolution of Conflicts**

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

- Adviser will not cause a Fund to make an investment unless Adviser 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 Organizational Documents for the Funds;
- Many of the Funds have established an advisory board, consisting of representatives of investors not affiliated with Adviser. The advisory boards meet as required to consult with Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, Adviser will be guided by its good faith discretion;
- Where Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund (except for a co-investment vehicles), each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

## **Conflicts**

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

## **Allocation of Investment Opportunities Among Clients**

In connection with its investment activities, Adviser may encounter situations in which it must determine how to allocate investment opportunities among various Funds and other persons, which may include, but are not limited to, the following:

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

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

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are generally set forth in the instrument under which the Fund was established (such as a Fund’s Organizational Documents). To the extent, the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow Adviser discretion in making allocation decisions among the Funds, Adviser will follow the process set forth below.

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

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

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

- Each Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each Fund's liquidity and reserves;
- Each Fund's diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Each Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and

- Any other relevant limitations imposed by or conditions set forth in the Organizational Documents of each Fund.

Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

In some cases, certain Funds may receive a preferential allocation of certain types of investments. Please also refer to a Fund's private placement memorandum ("PPM") for more information about the application of Adviser's allocation policies to the Fund.

In addition, principal executive officers and other personnel of Adviser invest indirectly in Funds and will therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

### **Allocation of Co-Investment Opportunities and Secondary Transactions**

Adviser will determine if the amount of an investment opportunity exceeds the amount Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' Organizational Documents and as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will, be offered to some and not other investors in the Funds, in the sole discretion of Adviser or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested, and (iv) certain persons other than investors in the Funds (e.g., Third Parties) will, from time to time be offered co-investment opportunities, in the sole discretion of Adviser or its related persons. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, Adviser may consider some or all of a wide range of factors, which include, but are not limited to, one or more of the following:

- Adviser's evaluation of the size and financial resources of the potential co-investment party and Adviser's perception of the ability of that potential co-investment party (in terms of,

for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;

- Any confidentiality concerns Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The potential co-investment amount;
- Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- Whether Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or Adviser.

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

In the event Adviser determines to offer an investment opportunity co-investors, there can be no assurance that Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be

preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. In the event that Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

In addition, to the extent Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, Adviser will do so in its sole discretion, generally taking into account the following factors:

- Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

A purchaser's potential investment into another Fund (including any commitment to a future fund) may be considered, but will not be the sole determining factor considered by Adviser in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

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

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds or in a transaction where another Fund has already made an investment. Investment opportunities are, from time to time be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of Adviser and its affiliates may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund will at times conflict with the interest of such other Fund, particularly in

circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by Adviser. In addition, a conflict will arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of Adviser in a portfolio company also raise the risk of using assets of a client of Adviser to support positions taken by other clients of Adviser. Employees and related persons of Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore often have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity. While certain co-investment vehicles with investments contractually tied to the Fund (including co-investment vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee (whether pursuant to the applicable Funds’ Organizational Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Fund would be held responsible for the entire equity purchase price or reverse termination fee, as applicable.

### **Cross-Transactions**

In certain cases, Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment



(such as through certain other participations in the investment). Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, Adviser will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Organizational Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those Organizational Documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, Adviser's Investment Committee, in consultation with Adviser's Advisory Board, as applicable, will be responsible for confirming that Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions. Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and Adviser will not affect any such transaction for any Fund where Adviser is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of Adviser's principal transactions policy, as described below.

### **Principal Transactions**

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), Adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. Adviser does not expect to engage in principal trades with its clients.

### **Management of the Funds**

Adviser manages a number of Funds that may have investment objectives similar to each other. Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" above. In addition, it is expected that employees of Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds and clients managed by Adviser, including funds raised in the future or to proprietary investments made by Adviser and/or its principals of the type made by a Fund. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

Adviser will, from time to time, consider, and reject an investment opportunity on behalf of one Fund and, Adviser or an affiliate of Adviser may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by Adviser on behalf of the original Fund considering the investment. In such circumstances, the benefitting fund or funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

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

### **Follow-on Investments**

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one client in a portfolio company in which another client has previously invested. In addition, a client will, from time to time, participate in releveraging and recapitalization transactions involving portfolio companies in which another client has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

### **Conflicts Relating to the General Partner and Adviser**

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

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

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

## **Fee Structure**

Because there is a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of many Funds are entitled to Carried Interest under the terms of the Organizational Documents of such Funds. Such general partners are affiliates of Adviser. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Pursuant to the Organizational Documents, the General Partner may be required to return excess amounts of Carried Interest as a "clawback". This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

## **Fund Level Borrowing**

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments, to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion or to fund capital contributions at the closing of an investment. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the general partner. In addition, fund facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

Although borrowings by the Fund has the potential to enhance overall returns that exceed the Fund's cost of funds, such borrowings increase the potential exposure of the Fund to a particular investment above the level that the Fund would typically have had an investment been limited to equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. In addition, borrowings by the Fund are secured by capital commitments made by Fund investors to the Fund as well as by the Fund's assets and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of leverage by the Fund may cause the realization of "unrelated business taxable income." To the extent, the Fund uses

borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly through the Fund facility, the Fund's investors generally make correspondingly later capital contributions. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than it otherwise would be without fund-level borrowing and can impact the carried interest the Fund's general partner receives, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed. In addition, where a portfolio company borrows funds directly through the Fund facility, the applicable Funds may charge the portfolio company borrower higher interest rates than the interest rate the Funds pay pursuant to such financing facility, among other things, to help offset origination and other facility costs.

### **Diverse Membership**

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

### **Business with Portfolio Companies and Investors**

Given the collaborative nature of Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where Adviser is in the position of recommending portfolio company services to other portfolio companies of the Funds or, which may involve fees, commissions, servicing payments and/or discounts to Adviser, an affiliate, or a portfolio company. Adviser generally have a conflict of interest in making such recommendations, in that Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

Adviser generally has an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. Adviser may have an incentive to cause the portfolio company to favor those investors relative to other

portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Adviser and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, Adviser is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by Adviser to a portfolio company may have adverse consequences to the portfolio company owned by another Fund.

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by Adviser that, although Adviser determines to be consistent with the requirements of such Funds' Organizational Documents, may not have otherwise been entered into but for the affiliation with Adviser, and which may involve fees and/or servicing payments to affiliates of Adviser that are not subject to the Advisory Fee offset provisions described herein. For example, Adviser may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to Adviser, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While Adviser may have a conflict of interest because its economic benefit may incentivize Adviser to maintain such arrangements, Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and Adviser's benefits from such arrangements are reduced because Adviser only benefits on at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

## **Service Providers**

Adviser and/or its affiliates may engage certain service providers to provide services to Adviser, the Funds and/or the portfolio companies. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment bankers, outside legal counsel pension consultants and/or other investors who provide services

(including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as Adviser may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence Adviser in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide Adviser information about markets and industries in which Adviser operates or is interested or will provide other services that are beneficial to Adviser. In rare instances, Adviser may select service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While Adviser often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which Adviser receives more favorable service rates or arrangements than the Funds or their portfolio companies.

### **Positions with Portfolio Companies**

Employees of Adviser may serve as directors of portfolio companies. Some or all of the fees for serving as directors may be offset against the Advisory Fee payable by the Fund – the actual portion varies from Fund to Fund. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. In addition, employees of Adviser may leave the employment of Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

### **Side Letter Agreements; Advisory Board Rights**

Adviser often enters into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights and liquidity or transfer rights. Except as otherwise agreed with an investor, Adviser (or applicable

General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Many of the Funds have established an advisory board, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory board. The advisory board may also have the ability to approve conflicts of interests with respect to Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory board. Additionally, certain members of a Fund's advisory board are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in a Fund. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

### **Other Potential Conflicts**

The Organizational Documents of a Fund establish complex arrangements among the Funds, Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. However, such law firms generally do not represent the limited partners as a group. In the event of a significant dispute or divergence of interest between Funds, Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of Adviser and its affiliates and/or investors, and in litigation and other circumstances separate representation may be required. Additionally, Adviser and the Funds and the portfolio companies of the Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to Adviser, the Funds, and/or the portfolio companies. This may result in Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

Adviser may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Adviser. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

A Fund may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, Adviser or its related persons. In such a case, investors in such Fund will bear not only the direct management fees and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

The Organizational Documents of certain Funds permit each such Fund’s General Partner, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable General Partner or affiliate and such Fund acting as borrower.

The Organizational Documents of certain Funds permit each such Fund’s General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. As a result, the General Partner will often elect to withhold certain information to such limited partners for reasons relating to the General Partner’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

In resolving these and other conflicts, Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. In the case of all conflicts involving the Funds or other persons, Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made



in Adviser's sole discretion. Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

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

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

For each of the Funds, Adviser has, subject to the direction of such Fund's general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, Adviser will seek "best execution" of the transaction. "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

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

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

### **Aggregation of Trades**

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

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

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

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, Adviser is proactive in monitoring investments. For Partnership Investments, the team continually monitors a private equity fund's activities, reviewing investor reports and attending annual meetings. The Investment Partners strive to meet with the fund managers in person at least once a year, outside of the annual meetings. In addition, Adviser has a history of obtaining advisory board seats with a majority of its Partnership Investments. The monitoring procedures for Partnership Investments will include:

- Quarterly valuations
- Periodic verification of compliance with investment terms and conditions
- Periodic on-site visits to, and interviews with, the fund managers
- Informal meetings
- Representation on partnership advisory boards and valuation committees, and attendance at investment meetings and other meetings where appropriate
- Review of fund managers procedures for reporting significant adverse operational, financial or legal developments
- Analysis of the valuation information provided by fund managers

For Direct Investments, Adviser will receive periodic reports from the lead manager of the transaction. Adviser has received board observation rights on a significant number of Direct Investments. Adviser will continue to seek board observation rights on Direct Investments. In this manner, the Investment Partners monitor any developments at the underlying companies and work closely with the General Partner to arrive at a successful realization. Monitoring procedures for Direct Investments will include:

- Periodic independent valuation
- Periodic review of performance against budget and bank covenants
- Attendance at annual meetings and investor meetings
- Periodic on-site visits and meetings with management
- Board representation

Upon receiving notification of a completed investment, a member of Adviser's investment administration group will monitor the transaction along with Adviser's third party administrator. Any material issues relating to the investment will be discussed at the weekly meetings. Throughout the monitoring process, the deal team will investigate all realization opportunities that may arise. Exit planning issues are discussed at the weekly management meetings.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 180 days after the fiscal year end of such Fund, as well as quarterly performance reports within 90 days after each fiscal quarter end or as soon as practical thereafter. Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion,

provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

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

For details regarding economic benefits provided to Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, Adviser and its related persons may receive discounts on products and services provided by portfolio companies and/or the customers or suppliers of such portfolio companies.

While not a client solicitation arrangement, Adviser notes that it may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such Fund will, subject to any limitations set forth in its Organizational Documents, reimburse such fees. Advisory Fees received by Adviser are generally reduced by the amount of such fees paid by the Fund.

**Item 15. Custody**

Item 15 is not applicable to Adviser.

## **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the investors in the Funds. Except as noted below, Adviser performs the day-to-day investment operations of each Fund in accordance with the terms and conditions of the Advisory Agreement (and, to the extent applicable, the Organizational Documents) of each such Fund. The terms of these documents are generally established at the time of the formation of the applicable Fund and are the result of negotiations with certain potential investors in the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

Co-investment vehicles are generally established in order to invest alongside or in the place of one or more Funds in a particular investment opportunity, and Adviser typically has no discretion to manage securities accounts on behalf of co-investment vehicle independent of its authority in connection with the Fund.

## **Item 17. Voting Client Securities**

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

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

Funds generally cannot direct Adviser’s Vote in a particular solicitation.

All Voting decisions initially are referred to the Managing Partners or appropriate investment professional for a voting decision. In most cases, the Managing Partners or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the Managing Partners of any such Voting decision, and if the Managing Partners do not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the Managing Partners are unable to arrive at an agreement as to how to vote, then the Managing Partners may consult with Adviser’s investment committee as to the appropriate vote, who will then review the issues



and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

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

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

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Constitution Capital Partners, LLC: Attention Chief Compliance Officer.

**Item 18. Financial Information**

Item 18 is not applicable to Adviser.

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

Item 19 is not applicable to Adviser.