

INVESTMENT ADVISER BROCHURE

CARTESIAN CAPITAL GROUP, LLC



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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Cartesian Capital Group, LLC (“Cartesian Capital Group”). If you have any questions about the contents of this Brochure, please contact us at (212) 461-6363. 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.

Cartesian Capital Group is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Cartesian Capital Group is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Since our most recent annual amendment filing on March 27, 2018, Cartesian Capital Group has made updates to its Relying Advisers, as shown in Schedule 1 hereto, and also removed information throughout the Brochure related to certain Funds that it no longer advises.

TABLE OF CONTENTS

ADVISORY BUSINESS.....	4
FEES AND COMPENSATION.....	5
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	6
TYPES OF CLIENTS.....	7
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	7
DISCIPLINARY INFORMATION.....	16
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	16
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	16
BROKERAGE PRACTICES.....	17
REVIEW OF ACCOUNTS.....	18
CLIENT REFERRALS AND OTHER COMPENSATION.....	19
CUSTODY.....	19
INVESTMENT DISCRETION.....	19
VOTING CLIENT SECURITIES.....	19
FINANCIAL INFORMATION.....	20
SCHEDULE 1.....	21

ADVISORY BUSINESS

Cartesian Capital Group, LLC (“**Cartesian Capital Group**”) is a private investment management firm that was founded in 2006. Cartesian Capital Group, together with its relying advisers that are identified in Schedule 1 hereto (collectively, the “**Relying Advisers**”), are hereinafter referred to as “**Cartesian**.” Cartesian employs a global investment strategy that focuses on providing growth capital primarily to closely held companies.

Each entity comprising Cartesian serves as investment manager, general partner or managing member to the private investment funds, as detailed in Schedule 1 (the “**Funds**”).

Cartesian Capital Group and the Relying Advisers are collectively filing this Form ADV. This Brochure also describes the business practices of each Relying Adviser, which collectively operate as a single advisory business together with Cartesian Capital Group. All of the discussions of Cartesian’s practices in this Brochure are qualified in their entirety with respect to the Funds by the applicable investment management agreement or offering and organization materials governing investors’ accounts with Cartesian (the “**Offering Documents**”), including without limitation all practices pertaining to clients’ investments in the Funds, strategies used in managing the Funds, fees and other costs associated with an investment in the Funds and conflicts of interest faced by Cartesian and its affiliates in connection with the management of the Funds.

Pangaea One Manager serves as the management company of the Pangaea One Fund. Pangaea One GP is the general partner of the Pangaea One Fund. The Pangaea One Fund is closed to new investors and invests on a global and opportunistic basis, with an emphasis on the world’s emerging markets.

Pangaea Two Manager serves as the management company of the Pangaea Two Fund. Pangaea Two GP (collectively with Pangaea One GP, the “**Pangaea GPs**”) is the general partner of the Pangaea Two Fund. The Pangaea Two Fund is closed to new investors and is a successor to Pangaea One Fund and employs a similar strategy.

The Relying Advisers’ advisory services for the Funds are detailed in the applicable Offering Documents and are further described below under “**Methods of Analysis, Investment Strategies and Risk of Loss.**”

Investors in the Funds participate in the overall investment program for the applicable fund, but may be excused in the discretion of the applicable general partner from participating in a particular investment due to legal, regulatory or other applicable constraints. Cartesian or the Funds have entered into side letters or other similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing the applicable Fund’s Offering Documents.

Based on the values calculated as of December 31, 2017, Cartesian Capital Group manages \$1,479,510,847 in regulatory assets that are managed on a discretionary basis. Cartesian Capital Group is controlled by Peter M. Yu, Geoffrey J. Hamlin, and Paul G. Pizzani (collectively, the “**Principals**”) and is principally owned by Peter M. Yu. The Principals also control the Pangaea One Manager, the Pangaea Two Manager, and Pangaea Three Manager.

FEES AND COMPENSATION

In general, as described more fully below (and in the Offering Documents), the manager of each Fund receives a management fee (the “**Management Fee**”) and the general partner of each Fund receives a carried interest allocation (a “**Carried Interest**”) in connection with advisory services. Cartesian may receive additional compensation in connection with management and other services performed in respect of actual and potential portfolio companies (*e.g.*, monitoring and other fees) of the Funds although all such additional compensation will be offset in whole against the Management Fees otherwise payable to the applicable Adviser. Investors in the Funds also bear certain Fund expenses.

Management Fees and Expenses

Pangaea One Fund; Pangaea Two Fund

Semi-annually, the Pangaea Two Fund (collectively, the “**Pangaea Funds**”) generally pay Pangaea One Manager and the Pangaea Two Manager, respectively, a Management Fee for providing portfolio management services. During the period that the Pangaea One Fund or Pangaea Two Fund is investing, the Management Fee is based on capital commitments of the applicable investors. Once the investment period has concluded, the Management Fee is based on capital invested in portfolio companies. The Management Fee ranges from 1.0% - 2.0% per annum (based on committed or invested capital, depending on period). Management Fees are subject to individualized negotiation with certain investors. The Pangaea One Fund no longer charges a Management Fee for providing portfolio management services.

The Pangaea One Manager and the Pangaea Two Manager have the right to contract for and receive transaction fees, break-up fees and monitoring fees (collectively, “**Transaction Fees**”) from any person (including investee companies) in connection with their activities; however, 100% of Transaction Fees are applied, net of applicable expenses (including those of parallel funds, without duplication), to reduce any unpaid future Management Fee payable by the Pangaea One Fund or the Pangaea Two Fund to the Pangaea One Manager or the Pangaea Two Manager, respectively and as applicable.

In addition to the Management Fee, the Pangaea One Fund and the Pangaea Two Fund (collectively, the “**Pangaea Funds**”) are responsible for payment of organizational expenses (as more fully described in the Offering Documents), the costs and liabilities incurred in connection the operation of the Pangaea One Fund or the Pangaea Two Fund, and their respective portfolio investments, including but not limited to the organization of any alternative investment vehicle or holding vehicle, legal, accounting, audit and other expenses (to the extent not subject to reimbursement), costs and liabilities incurred in connection with litigation or other extraordinary events, directors & officers liability and other insurance and indemnity expenses, communications expenses, expenses associated with meeting of the limited partners, expenses of the advisory committee, brokerage commissions, custodial expenses, appraisal fees and other investment costs, expenses of liquidating Pangaea One Fund, the Pangaea Two Fund and their respective subsidiaries, broken deal expenses to the extent not reimbursed by a third party and not including any portion thereof that is allocable to a parallel investment vehicle, additional Fund or co-investment vehicle.

Pangaea One GP and Pangaea Two GP will pay all ordinary administrative and overhead

expenses incurred in connection with managing, originating and monitoring investments, including compensation for employees' salaries, office rent, utilities, etc.

Other Information

Cartesian may exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or Carried Interest, including Cartesian and any other person designated by Cartesian. Any such exemption from fees and/or Carried Interest may be made by a direct exemption, a rebate by the Cartesian Capital Group and/or its Advisory Affiliates, or through other private investment funds that co-invest with the Funds.

Investment advisory and other fees are expected to be paid, except as otherwise described in the applicable limited partnership agreement, over the term of the Fund (and, in the case of Pangaea One Fund and Pangaea Two Fund, investors generally are not permitted to withdraw or redeem interests in such Funds).

Principals or other employees of Cartesian may receive a portion of the Management Fee, Carried Interest or other compensation.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Cartesian Capital Group does not directly receive Carried Interest for its advisory services to the Funds. Rather, as more fully described below, the general partners of the Funds receive Carried Interest.

Carried Interest is based directly on Funds' net asset values. Cartesian may have a conflict of interest in valuing the assets held in Fund accounts. Cartesian follows documented valuation policies and consults with each Fund's third-party administrator, as applicable, in order to mitigate this potential conflict.

Pangaea One Fund

Pangaea One GP receives a Carried Interest ranging from 7.5%–20% of all aggregate realized profits, subject to satisfaction of an 8%, annually compounded, preferred return to the limited partners of the relevant Fund. Upon termination of a Pangaea One Fund, the Pangaea One GP will be required to restore distributions to the Fund to the extent that it received cumulative distributions of such Fund's aggregate realized profits in excess of the applicable Carried Interest, in each case net of distributions used to or reserved to pay taxes, applied on an aggregate basis covering all transactions of such Fund.

Pangaea Two Fund

Pangaea Two GP receives a Carried Interest equal to 20% of all aggregate realized profits, subject to satisfaction of an 8%, annually compounded preferred return to the limited partners of Pangaea Two Fund. Upon termination of a Pangaea Two Fund, the applicable Pangaea Two GP will be required to restore distributions to the Fund to the extent that it received cumulative distributions of the Fund's aggregate realized profits in excess of the greater of (i) 20% of net profits, in each case net of distributions to direct and indirect partners of Pangaea Two GP to pay estimated tax liabilities and (ii) Carried Interest received by Pangaea Two GP to the extent a limited partner

has not received its full preferred return (net of certain tax benefits received as a result of such restorations), applied on an aggregate basis covering all transactions of the Fund.

In general, Cartesian, in its sole discretion, may waive, reduce or calculate differently the Carried Interest with respect to investments made by one or more partners, including investments made by certain other investment vehicles managed by Cartesian without waiving, reducing or calculating differently the Carried Interest with respect to the other partners, and without notice to or the consent of the other partners.

TYPES OF CLIENTS

Cartesian Capital Group provides investment advice to private investment funds, including the Funds. Private investment funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Company Act**”). The investors participating in private investment funds, including the Funds, may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Cartesian.

Pangaea One Fund and Pangaea Two Fund are closed to new investors. Pangaea One Fund and Pangaea Two Fund generally require a minimum investment amount of \$25 million for third-party investors, and Pangaea Two Fund interests were offered and sold solely to accredited investors (as defined in Rule 501 under the Securities Act of 1933, as amended) who are also qualified purchasers (as defined under the Company Act) (or qualified knowledgeable Cartesian personnel). Such minimum investment amounts may be waived by the Cartesian, but generally will not be less than \$500,000 (or, in the case of those Funds formed under the laws of the Cayman Islands, such other amounts as specified by Cayman Islands law).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment and Operating Strategy – Pangaea Funds

The following describes the general investment and operating strategy of the Pangaea Funds. There can be no assurance that Cartesian will achieve the investment objectives of the Pangaea Funds, and a loss of all or part of an investment is possible.

The Pangaea Funds seek to invest primarily in privately-negotiated transactions in equity and equity-related securities on a disciplined, global, and opportunistic basis with an emphasis on the world’s emerging markets. Cartesian’s objective for the Pangaea Funds is to generate long-term capital appreciation through the acquisition, active management, and disposition of a portfolio of direct investments.

Investment Philosophy.

Cartesian believes that the world economy is increasingly integrated and that successful portfolio companies must cultivate a global perspective and be internationally competitive. Accordingly, Cartesian employs a global and opportunistic investment approach that is not

constrained by pre-determined allocations to specific sectors or markets. Further, Cartesian focuses on building companies well-positioned to compete in the global economy. Evaluation of each opportunity includes an assessment of a target company's long-term global competitiveness and its potential for international expansion.

Cartesian's strategy focuses on the identification of long-term continuities and short-term dislocations. Cartesian defines "continuities" as large-scale forces driving global economic change over a decade or longer. Simultaneously, Cartesian seeks to identify market or other disruptions that result in a temporary divergence between value and price. By identifying continuities and dislocations, Cartesian believes it can target investments in companies whose fundamentals offer lasting value.

Risks of Investment - The Pangaea Funds

Business Risks. The Pangaea Funds' investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the Principals' prior investments is not necessarily indicative of a Pangaea Fund's future results. While the Pangaea GPs intend for the Pangaea Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which the Pangaea Funds invest may be among the most junior in a portfolio company's capital structure (such as common shares) and, thus, subject to the greatest risk of loss relative to other securities issued by such portfolio company. Generally, there will be no collateral to protect an investment once made.

Concentration of Investments. The Pangaea Funds will participate in a limited number of investments and may seek to make several investments in one geography, one industry or one industry segment. As a result, a Pangaea Fund's investment portfolio could become highly concentrated, and the performance of such industry, a limited number of holdings or investment jurisdictions may substantially affect its aggregate return. However, no single investment may generally exceed 10% of the relevant Pangaea Fund's aggregate capital commitments. Furthermore, to the extent that the capital raised is less than the targeted amount, the Pangaea Funds may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. It is possible that less than all of the commitments to the Pangaea Funds will be invested. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty.

Illiquidity; Lack of Current Distributions. An investment in the Pangaea Funds should be viewed as illiquid. It is uncertain when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally

expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Pangaea Funds (including the Management Fee) will likely exceed their income in many periods, thereby requiring that the difference be paid from the Pangaea Funds' commitments, capital or realized proceeds.

Restricted Nature of Investment Positions. Generally, there is no readily available market for a substantial number of the Pangaea Funds' investments, and hence, most of the Pangaea Funds' investments are difficult to value. Certain investments may be distributed in kind to the partners.

Reliance on the Pangaea Fund GPs and Portfolio Company Management. Each Pangaea Fund is entirely dependent on the applicable Pangaea GP. Control over the operation of the Pangaea Funds is vested entirely with the applicable Pangaea GP, and the Pangaea Funds' future profitability depends largely upon the business and investment acumen of the Principals. The loss of service of one or more of the Principals could have an adverse effect on a Pangaea Fund's ability to realize its investment objectives. In addition, the Pangaea Funds' investments may differ from previous investments made by the Principals in a number of respects. Limited partners generally have no right or power to take part in the management of the Pangaea Funds and, as a result, the investment performance of the Pangaea Funds will depend entirely on the actions of the applicable Pangaea Fund GP. Although the applicable Pangaea Fund GPs monitor the performance of each relevant Pangaea Fund investment, it is primarily the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.

Although the Pangaea Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the current or future management of such companies will operate a company successfully.

Non-U.S. Investments. The Pangaea Funds invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions and may generally so invest without limitation. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the respective term of the applicable Pangaea Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Pangaea Fund and/or the partners with respect to the Pangaea Fund's income, and possible non-U.S. tax return filing requirements for the Pangaea Funds and/or the partners.

Additional risks of such non-U.S. investments include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

The accounts of the Pangaea Funds will be maintained in U.S. Dollars. However, a Pangaea Fund's investments may be made or held in currencies other than U.S. Dollars. The value of an investment may fall substantially as a result of fluctuations in the currency of the country in which the investment is made as against the value of the U.S. Dollar. The applicable Pangaea Fund GP

may (but is not obligated to) endeavor to manage currency exposures to U.S. Dollars, using hedging techniques where available and appropriate. The Pangaea Funds may incur costs related to currency hedging arrangements. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect.

Emerging Markets. It is anticipated that a Pangaea Fund may invest a substantial amount of its assets in developing regions and emerging markets. Investing in companies domiciled or operating in such markets involves considerations and possible risks not typically involved in companies domiciled or operating in more established, regulated markets.

General Risks of Emerging Markets. Investing in companies or assets based in, or economically dependent upon the prospects of, emerging markets involves certain increased risks and special considerations not typically associated with or more prevalent than is seen when investing in other more developed economies. Such risks may include: (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) a high degree of dependence on exports (including commodities exports) and the corresponding importance of international trade and commodities prices; (iii) currency exchange rate fluctuations; (iv) potentially higher rates of inflation (including hyper-inflation); (v) controls on the ability to exchange local currencies for other currencies; (vi) a higher degree of governmental planning, involvement and control over the economies; (vii) governmental decisions to discontinue prior support for economic reform programs and imposition of centrally planned economies; (viii) less liquid and more volatile securities markets; (ix) poor standardization of accounting, auditing and financial reporting approaches; (x) difficulties in enforcing contractual obligations; (xi) social or health issues; and (xii) social and civil unrest, including terrorist attacks and other acts of violence or war.

Legal Systems. Many of the laws and regulations relating to private equity and related investment activity in developing countries are either not well established or at an early stage of development. Such laws and regulations and the applicable legal framework can be vague, contradictory, not comprehensive and/or subject to varying interpretation or high level of governmental discretion. As a result, the Pangaea Funds and their investments may be subject to a number of unusual risks, including inadequate investor protection, incomplete, unclear and changing laws, ignorance of, avoidance of or breaches of regulations on the part of other market participants, a lack of established or effective avenues for legal redress and a lack of standard practices and customs with respect to confidentiality or other concerns. Accordingly, there can be no assurance that the Pangaea Funds will be able to achieve effective enforcement of its rights by way of legal proceedings.

Taxation. Tax laws and regulations relating to private equity funds and private equity investments in certain non-U.S. countries may not be well-established or may be at an early stage of development. Such laws and regulations can be vague, contradictory not comprehensive and subject to varying interpretation. The Pangaea Funds and/or their portfolio investments may be adversely affected if relevant local tax authorities disagree with a Pangaea Fund's tax positions. Furthermore, with respect to certain countries, there is a possibility of expropriation, confiscatory taxation and imposition of withholding or other taxes on dividends, interest, capital gains or other income.

Fraud; Insider Trading. There is generally less government supervision and regulation of

stock exchanges, brokers and listed companies, including the fiduciary duties of officers and directors and protection of investors, which may lead to an increased risk of irregularities. In addition, such regulations as they exist may be applied in the context of a comparatively limited or underdeveloped concept of fiduciary duty, compared to that in developed markets. Anti-fraud and anti-insider trading legislation can often be rudimentary. In certain instances, portfolio company management may take significant actions without the consent of investors, including the Pangaea Funds. There can be no assurance that the difficulties in protecting and enforcing rights will not have a material adverse effect on the Pangaea Funds and their operations.

Corruption. Corruption often remains a significant problem in emerging markets and its effects seriously constrain the development of local economies, erode stability and trust and its macroeconomic and social costs are immense. There often exists insufficient anti-corruption legislation, enforcement of such legislation, and co-ordination of anti-corruption initiatives. Corruption could cause a Pangaea Fund's investments to be adversely affected including through loss of rights to assets or profits or operational difficulties.

Local Intermediaries. Some emerging countries have laws and regulations that currently preclude direct foreign investment in the securities of their companies. Transactions may be undertaken through local brokers, banks or other organizations, and the Pangaea Funds are subject to the risk of default, insolvency or fraud of such organizations.

There can be no assurance that any money advanced to such organizations will be repaid or that the Pangaea Funds would have any recourse in the event of default. The collection, transfer, and deposit of bearer securities and cash may expose a Pangaea Fund to a variety of risks including theft, loss and destruction. The Pangaea Funds are also dependent upon the general soundness of the local banking systems.

Investment and Repatriation Restrictions. Prior governmental approval for foreign investments may be required under certain circumstances in some emerging market countries, and the extent of non-U.S. investment in U.S. companies may be subject to limitation in other emerging market countries. Non-U.S. ownership limitations also may be imposed by the charters of individual companies in emerging market countries to prevent, among other concerns, violation of foreign investment limitations. Some attractive equity investment opportunities may not be available to the Pangaea Funds because U.S. investors already hold the maximum amount of equity securities in such investment permitted under current laws or because of minimum eligibility requirements (such as net worth) for investing in certain types of securities in some emerging market countries.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging market countries. The Pangaea Funds could be adversely affected by delays in the granting of or a refusal to grant any required governmental registration or approval required for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on securities held by a Pangaea Fund or gains from the disposition of such securities.

Illiquid Securities Markets. Securities markets in emerging economies are typically less liquid, more volatile and less subject to governmental supervision than the securities markets of developed economies. Investments in securities listed in such markets could be affected by factors

not present in regulated environments, including a lack of uniform accounting, auditing, disclosure and financial reporting standards. Positions in publicly traded securities in such markets may turn out to be much more difficult to liquidate than similar positions in the securities markets in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities.

Information; Accounting standards. The quantity and quality of generally available business information in emerging markets, including official data published by the government or securities exchanges, may be less likely to accurately reflect the actual circumstances being reported and may generally fall short of international standards. In addition, accounting, auditing and financial reporting standards, practices and disclosure requirements imposed on companies incorporated in developing countries are generally less stringent than those applicable in more developed countries. This may inhibit the gathering of accurate or material information and hinder effective due diligence in respect of potential investments. The financial statements of companies in the region are typically prepared under local accounting principles and standards, which may differ from U.S. generally accepted accounting principles (“**U.S. GAAP**”). As a result, the financial statements and reported earnings of portfolio companies could be significantly different from those, which would be reported under U.S. GAAP, and a reconciliation could reveal material differences.

Non-controlling Investments. The Pangaea Funds principally hold non-controlling interests in portfolio companies and, therefore, may have a limited ability to protect a Pangaea Fund’s position in such portfolio companies and to influence such company’s management. However, the applicable Pangaea Fund GP generally seeks significant minority protections and governance rights in respect of such non-control investments. The Pangaea Funds primarily hold meaningful minority stakes in privately held companies. Certain of these positions may be minority positions in companies for which the Pangaea Funds have no right to appoint a director or otherwise exert significant influence or protect its position.

In such cases, the Pangaea Funds will rely significantly on the management teams and boards of directors of such companies, which may include representation by other parties whose interests may conflict with the interests of the Pangaea Funds. In addition, during the process of exiting investments, the Pangaea Funds at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Pangaea Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Projections. Projected operating results of a company in which the Pangaea Funds invest normally will be based primarily on financial projections prepared by each company’s management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Need for Follow-On Investments. Following an initial investment in a given portfolio company, the applicable Pangaea Funds may decide to provide additional funds to such portfolio

company or may have the opportunity to increase their investment in a portfolio company. There is no assurance that the Pangaea Funds will make follow-on investments or that the Pangaea Funds will have sufficient funds to make all or any of such investments. Any decision by the Pangaea Funds not to make follow-on investments or their inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Pangaea Funds to increase their participation in a successful operation.

Significant Adverse Consequences for Default. Limited partners will be subject to significant adverse consequences in the event a limited partner defaults on its commitment or other payment obligations. In addition to losing its right to potential distributions from the Pangaea Funds, a defaulting limited partner may be forced to transfer its interest in the Pangaea Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Public Company Holdings. Each Pangaea Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject such Pangaea Funds to risks that differ in type or degree from those involved with investments in privately held companies.

Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Pangaea Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Leveraged Investments. The Pangaea Funds may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both the Pangaea Funds' opportunities for gain and their risk of loss from a particular investment.

The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Pangaea Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Pangaea Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Pangaea Fund may suffer a partial or total loss of capital invested in such portfolio company, which could adversely affect the returns of such Pangaea Fund. Furthermore, should the credit markets be tight at the time a Pangaea Fund determines that it is desirable to sell all or a part of a portfolio company, such Pangaea Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which such Pangaea Fund will invest generally will not be rated by a credit rating agency.

Market Conditions. Any material change in the economic environment, including a slow-

down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Pangaea Fund's performance can be affected by deterioration in public markets and by market events, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Pangaea Fund's performance. Following the onset of the credit crisis, the rate of future investment by funds has slowed and may continue to do so as the pricing of new transactions adjusts to reflect the current economic uncertainty and the lack of credit in the markets. Holding periods are also likely to be longer as the rate of realizations slows in light of the deterioration in market conditions for initial public offerings and a decline in mergers and acquisitions activity. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of the credit crisis may also affect a Pangaea Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. In the past, the deterioration of the global credit markets made it more difficult for investment funds such as the Pangaea Funds to obtain favorable financing for investments.

Widening of credit spreads, deteriorating sub-prime and global debt markets and a rising in interest rates, can, individually or in the aggregate, result in investment banks and other lenders being unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Pangaea Funds' ability to generate attractive investment returns may be adversely affected to the extent a Pangaea Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Pangaea Funds to realize their investments at favorable times or for favorable prices.

Alternative Investment Fund Managers Directive. The Alternative Investment Fund Managers Directive ("AIFMD"), regulates the activities of private fund managers undertaking fund management activities or marketing fund interests to investors within the European Union ("EU"). The AIFMD imposes restrictions on the management and/or marketing within the EU of funds established outside the EU, such as the Pangaea Funds, which may restrict the ability of investors to realize their investments in the Pangaea Funds by way of a secondary sale.

Conflicts of Interest - Pangaea Funds

Conflicts of Interest; Other Activities. The investment periods of the Pangaea One Fund and Pangaea Two Fund have concluded but the Funds may invest under certain limited circumstances. Cartesian currently manages both the Pangaea One Fund and the Pangaea Two Fund. Each is a global private equity fund with similar investment strategies which make similar investments. Cartesian has directed certain relevant investment opportunities or portions thereof, subject to certain limitations, to one or both Pangaea Funds or their portfolio companies, including follow-on investments in existing Pangaea Funds' portfolio companies.

The Pangaea Funds generally bear the cost of expenses of the Pangaea Funds, which include all costs, expenses, liabilities and obligations relating to the Pangaea Funds' activities, investments and business (to the extent not reimbursed by a portfolio company). From time to time Cartesian may pay such costs and expenses on behalf of the Pangaea Funds, and such expenses are subject to reimbursement by the Pangaea Funds to Cartesian. In addition, employees and affiliates of Cartesian may perform services for, or on behalf of, a portfolio company and under the direction and supervision of the management of the portfolio company in lieu of the Pangaea Funds requiring the portfolio company to hire a third party to perform such services. The costs and expenses of such employees and affiliates may be reimbursable to Cartesian by the Pangaea Funds and are not offset against the Management Fees of the Pangaea Funds.

In addition, the Principals may spend, now or in the future, a portion of their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Pangaea Funds for other private investment funds. These activities could be viewed as creating a conflict of interest in that the time and effort of the Principals and their employees will not be devoted exclusively to the business of the Pangaea Funds but will be allocated between the business of the Pangaea Funds and the management of such other private investment funds.

In addition, following the respective investment period of the applicable Pangaea Fund, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Pangaea Fund's investments including successor funds to such Pangaea Fund.

Accordingly, the Principals may have a conflict of interest at such time in the allocation of time and effort in connection with the provision of management and advisory services to such Pangaea Fund, on the one hand, and such other opportunities, on the other. No Pangaea Fund will be entitled to any of the profits from other private investment funds or such Pangaea Fund's successors.

Furthermore, the Pangaea GPs and/or their respective affiliates may from time to time provide co-investment opportunities to limited partners and other parties, advisory services, and other services to portfolio companies and third parties ("**Advisory Services**").

In addition, the Pangaea GPs and/or their affiliates may collect fees directly from the foregoing co-investors in connection with such Advisory Services with respect to a portfolio company investment in which a Pangaea Fund is participating, separately from and in addition to any fees such Pangaea GP and/or its affiliates may receive from such portfolio company. Unlike fees from portfolio companies, fees for Advisory Services received directly or indirectly from co-investors and other third parties will not be shared with the Pangaea Funds, nor will such fees offset the Management Fee payable by a Pangaea Fund. Therefore, the fee potential for Advisory Services inherent in a particular investment or transaction may give rise to conflicts of interest. For example, such arrangements could be viewed as an incentive for such Pangaea GP and/or its affiliates to make a greater portion of an investment opportunity available to co-investors or other third-parties *vis a' vis* the opportunity presented to the Pangaea Funds.

The Principals and Cartesian's employees may also carry on investment activities for their own accounts which may differ from advice given to, or securities recommended or bought for, the Pangaea Funds, even though their investment objectives may be the same or similar. Furthermore, the Pangaea GPs and/or their affiliates may, in certain limited circumstances, make an investment

on behalf of other private investment funds that the applicable Pangaea GP and/or its respective affiliates manage or advise without offering the investment opportunity to, or making any investment on behalf of, the Pangaea Funds. Such Pangaea GPs will endeavor to identify and resolve conflicts with respect to investment opportunities as provided in the applicable limited partnership agreement.

Conflicts of Interest – General Application

Carried Interest; Supplemental Fees. Because a General Partner's Carried Interest is based on a percentage of net realized profits, it may create an incentive for such General Partner to cause the applicable Private Investment Fund to make riskier or more speculative investments than would otherwise be the case. Additionally, since certain Advisers are permitted to retain certain supplemental fees (including but not limited to transaction fees, break-up fees and monitoring fees) (as described under "**Fees and Compensation**") in connection with the applicable Fund's investments, such Adviser could have a conflict of interest in connection with approving transactions.

Conflicting Investor Interests. Limited partners and/or investors may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions.

DISCIPLINARY INFORMATION

Cartesian Capital Group and its Principals have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Cartesian Capital Group and the Relying Advisers are collectively filing this Form ADV. These Relying Advisers operate as a single advisory business together with Cartesian Capital Group and serve as managers of private investment funds and other pooled investment vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

In addition to the activities described herein, Cartesian Capital Group and certain of its supervised persons currently provide ongoing consulting, advice and other support to Iris Reinsurance, Ltd., a company formed under the laws of Bermuda ("**Iris Re**"), which holds a Class 3 exempted insurance license in Bermuda. Such services include participation on and advice to Iris Re's board of directors and investment committee and certain other matters in connection with Iris Re's entry into reinsurance contracts or insurance-linked agreements with third parties, primarily through collateralized industry loss warranties as well as catastrophe bonds. The Pangaea One Fund owns a non-controlling interest in certain entities that own and manage Iris Re.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Cartesian has adopted the Cartesian Capital Group Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Cartesian Principals and employees and addresses conflicts that may arise from personal

trading. The Code requires Cartesian personnel to report their personal securities transactions, and prohibits or requires pre-clearance in order for such personnel to directly or indirectly acquire beneficial ownership in, or dispose of, certain securities. A copy of the Code will be provided to any client or prospective client upon request to the Cartesian Capital Group Chief Compliance Officer. Personal securities transactions by employees are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Principals and employees of Cartesian may directly or indirectly own an interest in private investment funds, including the Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

The Funds may invest together with other funds advised by Cartesian in the manner set forth in the applicable limited partnership agreements.

Cartesian will determine the allocation of investment opportunity in a manner that it believes is fair and equitable to its clients consistent with Cartesians' obligations and may take into consideration factors such as the following: each client's investment restrictions and objectives (including those set forth in the relevant client's governing documents, where applicable), investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk.

Cartesian, the Principals and Cartesian's employees may carry on investment activities for their own account which may differ from advice given to, or securities recommended or bought for, the Funds even though their investment objectives may be the same or similar.

BROKERAGE PRACTICES

Cartesian focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions. In such transactions, the services of a broker-dealer are not customarily retained. However, Cartesian may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Cartesian does not intend to regularly engage in public securities transactions, to the extent it does, it will follow the brokerage practices described below.

If Cartesian sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Cartesian. In such event, Cartesian will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Cartesian may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order (including market-making capabilities); (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

With respect to public securities transactions, although Cartesian generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Cartesian seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Cartesian generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would benefit all private investment funds advised by Cartesian.

Cartesian does not employ any agreement or formula for the allocation of brokerage business on the basis of research services. With respect to brokerage commissions, Cartesian determines in good faith that such commissions are reasonable in relation to the value of brokerage and research services received.

In reaching such a determination, Cartesian is not required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

Cartesian does not generally anticipate engaging in significant public securities transactions; however, to the extent that Cartesian engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of the order receipt.

To the extent that orders for Funds are completed independently, Cartesian may also purchase or sell the same securities or instruments for several Funds simultaneously.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to each of the Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Cartesian closely monitors companies and/or interests in which the Funds invest, and the Cartesian Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each applicable Fund will provide to each of its limited partners (i) annual U.S. GAAP audited and quarterly unaudited financial statements, (ii) annual tax information for each limited partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a

description of all investments held by the Funds.

CLIENT REFERRALS AND OTHER COMPENSATION

Cartesian may provide certain business or consulting services to portfolio companies and may receive compensation from these companies in connection with such services. As described in the applicable Fund's limited partnership agreement, or similar organizing document, this compensation will offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. See "**Fees and Compensation.**"

From time to time, Cartesian may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential limited partner becoming a limited partner in the Funds.

Any fees and expenses payable to any such placement agents will be borne by Cartesian indirectly through an offset against the Management Fee.

CUSTODY

For purposes of Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), Cartesian is deemed to have custody over all applicable Funds' assets. In accordance with the Custody Rule, a qualified custodian will not be required to deliver quarterly account statements to the applicable Funds or their respective investors as long as (i) the applicable Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the applicable Funds' audited financial statements are prepared in accordance with U.S. GAAP, and (iii) Cartesian delivers such annual audited financial statements to investors within 120 days after the end of each applicable Fund's fiscal year.

INVESTMENT DISCRETION

Cartesian has discretionary authority to manage the investments on behalf of the Funds pursuant to the respective Offering Documents described under "**Advisory Business.**" As a general policy, Cartesian does not allow clients to place limitations on this authority. Pursuant to the terms of the governing agreements, however, Cartesian may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partners' investment in the Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Cartesian assumes this discretionary authority pursuant to the terms of the governing agreements.

VOTING CLIENT SECURITIES

Cartesian has adopted the Cartesian Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for each Fund's portfolio investments. The Proxy Policy seeks to ensure that Cartesian votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Cartesian generally believes that its interests are aligned with those of the Funds' limited partners through the Principals' beneficial ownership interests in the Funds and therefore will not seek

limited partner approval or direction when voting proxies.

In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Cartesian may address the conflict using several alternatives, including by seeking the approval or concurrence of the respective Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Fund's advisory board may approve Cartesian's vote in a particular solicitation. Cartesian does not consider service on portfolio company boards by Cartesian personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines to be followed by Cartesian when voting proxies on behalf of the Funds. Upon the request by a client, Cartesian will disclose to such client how it voted proxies for securities owned by such client. Cartesian also will provide a copy of its Proxy Policy to clients upon request.

FINANCIAL INFORMATION

Cartesian Capital Group does not require prepayment of management fees six months or more in advance or have any other events requiring disclosure under this item of the Brochure.

SCHEDULE 1

Relying Advisers and Related General Partners of Cartesian Capital Group, LLC

Terms in bold are used as defined terms in the Brochure.		
	Entity	Clients
<i>Pangaea One General Partners</i> (collectively, “Pangaea One GP”)	Pangaea One GP, LLC	Pangaea One, L.P. Pangaea One Parallel Fund (B), L.P.
	Pangaea One PG2, LLC	Pangaea One – RDV Co-investment Fund, L.P.
	Pangaea One GP (Cayman), L.P.	Pangaea One (Cayman), L.P.
	Pangaea One GP2 (Cayman), L.P.	Pangaea One Parallel Fund, L.P.
	Pangaea One GP3 (Cayman), L.P.	Pangaea One Feeder Fund, L.P.
		(collectively, the “Pangaea One Fund”)
Pangaea One Manager	Pangaea One Management, LLC	Pangaea One Fund
Pangaea Two GP	Pangaea Two GP, LP	Pangaea Two, LP Pangaea Two Parallel, LP
		(collectively, the “Pangaea Two Fund”)
Pangaea Two Manager	Pangaea Two Management, L.P.	Pangaea Two Fund
Pangaea Three Manager	Pangaea Three Management, L.P.	Pangaea Three, L.P. (anticipated)