



## **Form ADV Part 2A**

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This brochure provides information about the qualifications and business practices of Clearview Capital, L.P. If you have any questions about the contents of this brochure, please contact us at (203) 698-2777. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Clearview Capital, L.P. also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Clearview Capital, L.P. is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser's skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

## ITEM 2. MATERIAL CHANGES

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Gerald Cummins, Chief Compliance Officer, at (646) 230-0937 or [compliance@clearviewcap.com](mailto:compliance@clearviewcap.com).

There have been no material changes since the last annual update of March 27, 2017.

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## ITEM 4. ADVISORY BUSINESS

James G. Andersen and Calvin Neider (“principals” and “our principals”) formed Clearview Capital, LLC as a Delaware limited liability company in 1999 and converted the organizational structure to a limited partnership, Clearview Capital, L.P. in June 2018 (“Clearview Capital,” “manager,” “us,” “we” and “our”) and since have served as the firm’s managing members or controlling partners. Messrs. Andersen and Neider met each other in 1996 and began working together at Capital Partners, Inc. in 1997, where they both ultimately served as Managing Directors.

Immediately after the founding of Clearview Capital by Messrs. Andersen and Neider, Harold F. “Pete” Doolittle joined the firm as a non-managing member. Mr. Doolittle had also previously served as a Managing Director at Capital Partners, Inc. with Messrs. Andersen and Neider. Mr. Doolittle retired on December 31, 2010 and at that time relinquished his ownership stake in Clearview Capital except for his ownership in two assets held by Clearview Capital which are unrelated to the advisory business of the firm. Mr. Doolittle maintains an economic interest in Clearview Capital’s affiliated entities.

Messrs. Andersen and Neider are the principal owners of Clearview Capital, each with 50% ownership of Clearview Capital partnership interests.

Clearview Capital provides discretionary investment advice solely to private investment funds (our clients) that seek to generate capital appreciation primarily through private equity investments in portfolio companies that are generally profitable and have a history of revenue growth. Clearview Capital currently provides investment advice to the following three funds:

1. Clearview Capital Fund II, LP (ten year term of existence commencing on the Final Closing Date of March 31, 2008, unless (i) the general partner in its reasonable discretion elects to extend such term for up to two consecutive one-year periods, (ii) the general partner, with the consent of the Advisory Board, elects to extend such term for a third one-year period or (iii) earlier liquidation pursuant to Article VII of the organizational documents);
2. Clearview Capital Fund II (Parallel), LP (ten year term of existence commencing on the Final Closing Date of March 31, 2008, unless (i) the general partner in its reasonable discretion elects to extend such term for up to two consecutive one-year periods, (ii) the general partner, with the consent of the Advisory Board, elects to extend such term for a third one-year period or (iii) earlier liquidation pursuant to Article VII of the organizational documents) (Clearview Capital Fund II, LP and Clearview Capital Fund II (Parallel), LP, each a “Committed Fund” and together, the “Committed Funds”); and
3. Clearview Capital Fund III, LP (“Fund III”) (ten year term of existence commencing on the Final Closing Date of June 14, 2013, unless (i) the general partner in its reasonable discretion elects to extend such term for one additional year, (ii) the general partner, with the consent of the Advisory Board, elects to extend such term two additional one-year

periods or (iii) earlier liquidation pursuant to Article VII of the organizational documents).

The Committed Funds and Fund III are referred to collectively as “our funds” and individually as a “fund.”

The investment management services that we provide to our funds primarily consist of investigating, structuring and negotiating investments and dispositions, monitoring the performance of investments and performing certain administrative services. These services are provided pursuant to investment management agreements with our funds and as a result of a delegation of authority by the general partner or managing member (“Clearview Affiliate”) of each fund where such Clearview Affiliate exists. We provide tailored advice to each fund that takes into account its investment objectives and the investment restrictions contained in the specific fund’s organizational documents and investment management agreements.

See Compensation Item 5. Portfolio Company Fees for other services Clearview Capital may provide.

### **Wrap Fee Program**

Clearview Capital does not participate in wrap fee programs.

### **Assets Under Management**

As set forth on Form ADV, Item 5, our Regulatory Assets Under Management totaled \$1,006,539,308 as of December 31, 2017. Such figure includes capital that may be called by our funds from their limited partners or members and has not been reduced by any outstanding indebtedness of the funds or the portfolio companies we control. We do not manage client assets on a non-discretionary basis.

## **ITEM 5. COMPENSATION**

### **Management Fees**

Our funds generally pay us management fees in exchange for our investment management services which are provided for in their organizational documents.

For the Committed Funds, we receive a management fee payable semi-annually, in advance, on or about January 1<sup>st</sup> and July 1<sup>st</sup> of each year. During each fund’s commitment period (i.e., the period of time during which the fund may draw upon the partners’ capital commitments to the fund (“capital commitments”) to make new investments), the management fee was computed at the annual rate of 2% of total capital commitments of the fund. At the end of the commitment period or upon the date which we or any of our respective affiliates first receive or begin to accrue management fees in respect of capital commitments made by a third-party into any subsequent fund formed or established by us or any of our respective affiliates, whichever comes first, the

management fee is computed at the annual rate of 2% of the cost basis of all investments in portfolio companies less the value of any investments that have been written down below their original cost basis, as stated on the balance sheet for the quarter ended prior to the date the semi-annual payment is due. The original commitment period for the Committed Funds was due to expire on October 4, 2012 but was extended to October 4, 2013 by vote of the limited partners of the funds, as provided for in the Committed Funds' organizational documents. However, the date for the step down of the management fees due to us was maintained as October 4, 2012. Clearview Capital may receive monitoring and transaction fees from portfolio companies ("portfolio company fees") as further discussed below. Any management fee due is reduced by 50% of the monitoring and transaction fees received by Clearview Capital less any monitoring and transaction fees attributable to the general partner's co-investment in the portfolio company. As an example, if Clearview Capital receives \$1,000 in monitoring fees from a portfolio company and the general partner's co-investment is 1.8%, management fees would be offset by \$491 ( $\$1,000 \times 0.982 \times 0.50$ ). These fee offsets are applied to reduce the first management fee following the period they were incurred, unless the offset would reduce the management fee below zero, in which case it is carried forward. The management fee was also reduced 100% by the placement fees paid by the fund, amortized over the original commitment period of the fund.

For the Fund III, we receive a management fee payable semi-annually, in advance, on or about January 1<sup>st</sup> and July 1<sup>st</sup> of each year. During the fund's commitment period (i.e., the period of time during which the fund may draw upon the partners' capital commitments to the fund to make new investments), the management fee is computed at the annual rate of 2% of total capital commitments of the fund. At the end of the commitment period or upon the date which we or any of our respective affiliates first receive or begin to accrue management fees in respect of capital commitments made by a third-party into any subsequent fund formed or established by us or any of our respective affiliates, whichever comes first, the management fee is computed at the annual rate of 2% of the cost basis of all investments in portfolio companies less the value of any investments that have been written down below their original cost basis, as stated on the balance sheet for the quarter ended prior to the date the semi-annual payment is due. The commitment period for Fund III is due to expire on June 14, 2018. Any management fee due is reduced by 80% of the monitoring and transaction fees attributable to the funds prorata investment in a portfolio company. As an example, if Clearview Capital receives \$1,000 in monitoring fees from a portfolio company and the fund owns 70% of such company, management fees would be offset by \$560 ( $\$1,000 \times 0.70 \times 0.80$ ). These fee offsets are applied to reduce the first management fee following the period they were incurred, unless the offset would reduce the management fee below zero, in which case it is carried forward. The management fee is also reduced 100% by any placement fees paid by the fund, amortized throughout the commitment period of the fund.

The management fee terms expire upon the liquidation of the funds. If a fund were to terminate on a date other than January 1<sup>st</sup> or July 1<sup>st</sup>, any prepaid management fees would be refunded prorata to the date of termination.

An investor may not withdraw from the funds prior to termination unless it is determined by Clearview Capital or a Clearview Affiliate, as appropriate, that continued participation of an

investor (i) is likely to result in a violation of applicable law or rules or regulations of any governmental agency, commission or authority having jurisdiction over such fund or (ii) will otherwise have a material adverse effect on the fund or any of its portfolio company investments.

### **Portfolio Company Fees**

The monitoring fee that we may receive with respect to a portfolio company investment is negotiated with the portfolio company and is generally determined with reference to the portfolio company's annual EBITDA and payable quarterly.

The transaction fee that we may receive in consideration for advisory services with respect to a portfolio company investment or portfolio company investment add-on acquisition is generally determined with reference to the enterprise value of the target at the time of acquisition and charged to the portfolio company at closing.

Both monitoring fees and transaction fees are agreed to with the applicable portfolio companies at the closing of the funds' investments in such portfolio companies.

Since Clearview Capital generally receives a fee from portfolio companies only during the period the funds hold an interest in the portfolio company, there could be a conflict of interest over when the manager decides to liquidate the funds' interests in a portfolio company. However, such fees and services are set forth in the fund organizational documents and fund financial statements, where applicable. Refer to Item 11 of this brochure for further discussion for the potential "Conflicts of Interest" associated with "portfolio company fees".

### **Reimbursed Expenses**

We may be reimbursed by our funds for expenses we incur on behalf of a fund and in connection with the fund's operations. These expenses are billed to the funds on a quarterly basis or as necessary.

Additional fees and expenses for which a fund may be responsible are described in the organizational documents. Generally, each fund pays all costs and expenses relating to its operations, including but not limited to: legal, auditing, consulting and accounting fees and expenses; expenses of meetings of its limited partner or member advisory committee and of limited partners or members; indemnification and insurance expenses; expenses associated with the acquisition, holding and disposition of its proposed or actual investments (including related due diligence expenses of our personnel); extraordinary expenses such as litigation; interest on and fees and expenses arising out of any permitted borrowing; expenses relating to unconsummated transactions; expenses of liquidating the fund; and any taxes, fees or other governmental charges levied against the fund and any expenses incurred in connection with any tax audit, investigation, settlement or review of the fund. Due diligence costs for transactions proposed for but not consummated by the fund are solely borne by the fund and, if paid by the

General Partner, shall be reimbursed by the fund to the General Partner. As such the General Partner will pay a pro-rata portion of such costs only to the extent it has invested inside the fund.

In the case of the Committed Funds and as required in each fund's organizational documents, expenses paid by one fund but incurred on behalf of both funds are re-allocated to each fund prorata at the end of the quarter in which the expenses were paid.

### **Additional Compensation**

Neither we nor any of our "supervised persons" accepts compensation for the sale of securities or other investment products.

## **ITEM 6. PERFORMANCE FEES AND SIDE-BY-SIDE MANAGEMENT**

### **Performance Fees**

Each Clearview Affiliate is generally entitled to a "carried interest" on the fund's profits in accordance with the provisions of the fund's organizational documents. The "carried interest" is generally equal to a percentage of the investment proceeds distributable by the fund in excess of the capital invested by the fund's limited partners or members and their allocable share of fees and expenses, and is subject to a preferred return. The "carried interest" received by the Clearview Affiliate of a fund is 20% with the exception of investments made by an initial investor ("Initial Investor"). Clearview Capital and our principals have had a business relationship with the Initial Investor since Clearview Capital's first sponsored investment in 2000. To induce the Initial Investor to invest in that first transaction, Clearview Capital and our principals entered into an agreement with the Initial Investor which provides that the Initial Investor will only be charged a 15% carried interest. This arrangement has been disclosed to the funds' investors.

The Clearview Affiliate for each fund receiving the "carried interest" is subject to a "clawback" of the "carried interest" previously received to the extent that the Clearview Affiliate has received cumulative distributions in excess of amounts otherwise distributable or anticipated to be distributed by the fund as "carried interest," applied on an aggregate basis covering all transactions of the applicable fund. In no event will the Clearview Affiliate of a fund be required to restore more than the cumulative distributions received by such Clearview Affiliate as "carried interest" determined on an after-tax basis.

Messrs. Andersen and Neider, and certain employees are invested in the Committed Funds through Clearview Capital GP, LLC, a Clearview Affiliate, and Clearview Capital GP, LLC receives a performance fee based on its investments.

Messrs. Andersen and Neider and certain employees are invested in Fund III through Clearview Capital GP III, LLC, a Clearview Affiliate, and Clearview Capital GP III, LLC receives a performance fee based on its investments.



Refer to Item 11 of this brochure for further discussion for the potential “Conflicts of Interest” with respect to performance based fees.

### **Side-by-side Management**

Clearview Capital does not simultaneously manage accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

### **Allocation of Co-Investment Opportunities**

Clearview Capital may from time to time enter into “co-investment arrangements” with independent investors and other third parties. Such co-investments may be structured through investment vehicles or similar arrangements organized to facilitate such investments or for legal, tax, regulatory or other purposes. Co-investment opportunities may arise when Clearview Capital, in the course of making an investment in a portfolio company on behalf of one of its advised funds, identifies an opportunity that exceeds or is expected to exceed the fund’s investment appetite in that investment or that may benefit from the involvement of co-investors. The top priority in such a co-investment offering will be to maximize the chance that the transaction will be closed by a Clearview Capital fund. Opportunities to make direct investments alongside a Clearview Capital fund may be offered to current or prospective investors as well as to other third parties who have the ability to make an expedited investment decision in a manner that is beneficial to a Clearview Capital fund. In addition, Clearview Capital may offer less substantial co-investment opportunities to deal finders who have sourced a portfolio company that has been or will be acquired by a Clearview Fund or another Clearview portfolio company.

At the current time, Clearview Capital has side letters with certain fund investors acknowledging their desire to participate in co-investment opportunities. In order to gauge investor appetite for specific co-investment opportunities, Clearview Capital will, at its sole discretion, notify existing and potential future investors, who have notified Clearview Capital of their interest in participating in co-investment opportunities, as well as third parties who Clearview Capital believes will be helpful in successful evaluation, closing and managing of the investment, of the opportunity to evaluate co-investments and will ask for an expression of interest. As provided in the fund governing documents, Clearview Capital has sole discretion over its offering of co-investment opportunities, including the discretion to offer co-investment opportunities solely to third parties, and may take the following factors, among others, into account when offering co-investment opportunities to investors and other third parties: 1) fit with the desired transaction characteristics expressed by the potential co-investor including but not limited to co-investment size, specific company characteristics and industry, 2) historical experience with co-investments 3) conflicts of interest with co-investment opportunities 4) prior relevant industry experience and 5) the potential co-investors internal evaluation process including, among other things, time required to complete an evaluation, due diligence requirements, governance requirements and ability to support future capital requirements.

Although Clearview Capital reserves the right to do so, Clearview Capital does not currently provide any investment advisory services for a co-investor entity nor does Clearview Capital receive any management fees or “carried interest” for its efforts to source co-investment opportunities. Co-investors are responsible for conducting their own due diligence and making investment decisions, unless and until Clearview Capital accepts responsibility to act as an investment adviser to co-investment transactions.

To the extent that Clearview Capital receives monitoring or transaction fees with respect to a co-investor’s prorata investment in a portfolio company, the fund’s management fees will not be reduced by such pro-rata portion. See Item 5 Compensation.

### **Debt Financing of Portfolio Companies**

Clearview Capital will generally arrange for senior and/or mezzanine financing from various counterparties for the funds’ portfolio companies. Clearview Capital does not consider senior and mezzanine financing to be a commodity. As such, although financing rates are a consideration in selecting a counterparty, the rate is not determinative and need not be the lowest available, as many other factors are important and relevant in determining whether Clearview Capital has selected the best counterparty for its clients under the circumstances. Clearview Capital obtains such financing based on the following factors: 1) responsiveness of the debt provider, including availability to meet with all parties to the loan on short notice, 2) ability to move quickly and maximize the chances a transaction will close, 3) the reputation of the counterparty, 4) the expectation that the counterparty will accommodate any special needs of the portfolio company or Clearview Capital and its willingness to negotiate terms, 5) the flexibility the counterparty has shown or can be expected to show in the event of a refinancing or restructuring, 6) the counterparty’s knowledge and experience with lower middle market companies, 7) the counterparty’s relevant industry or operational experience, and 8) the competitiveness of the financing terms.

Financing may be obtained from those limited partners in a Clearview Capital fund or from co-investors in other portfolio companies, who meet the requirements listed above. However, an expectation that a counterparty will invest in a future Clearview Capital fund may not be taken into account when determining who shall act as counterparty to a portfolio company.

## **ITEM 7. TYPES OF CLIENTS**

Our funds are either Delaware Limited Partnerships or Delaware Limited Liability Companies. They are not registered under the Securities Act of 1933, as amended, (the “Securities Act”) or the Investment Company Act of 1940, as amended, (the “Investment Company Act”), pursuant to either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The investors in our funds consist of institutional investors and high net worth individuals. We require that each investor in a fund be an “accredited investor” as defined in Regulation D of the Securities Act. For our Section 3(c)(7) funds, the investors are “qualified purchasers”, within the meaning of Section

2(a)(51)(A) of the Investment Company Act. We generally require that each investor in a fund that is a U.S. resident be a “qualified client” within the meaning of Rule 205-3 of the Advisers Act.

Investors are generally required to commit at least \$1,000,000 to invest in our funds, subject to the right of the fund’s general partner or managing member to waive the minimum investment amount.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Strategies and Methods of Analysis**

Clearview Capital generally seeks investment opportunities for our fund clients in companies with EBITDA between \$3 million and \$20 million and revenues less than \$100 million, where we can play a role in enhancing the target company’s value by implementing strategic and operational improvements to the target company. These improvements could include evaluating and executing add-on acquisitions, and designing and supporting the implementation of value-added strategies, such as internal capital investment, geographic expansion, product line extension and management team enhancement.

Clearview Capital seeks to invest in companies it believes have a history of profitable growth, a defensible competitive position, good prospects for continued growth and unexploited potential. The companies Clearview Capital invests in generally have the ability to respond quickly if conditions deteriorate and enjoy strong positions relative to competition. In addition, to reduce the risk of leverage Clearview Capital structures its debt facilities to accommodate unexpected declines in performance by restricting initial leverage to a level that Clearview Capital deems acceptable, by having a revolving line of credit with ample open availability at closing and by substituting some senior debt with higher interest, but non-amortizing, subordinated debt which reduces the cash flow demands on the portfolio company. Clearview Capital’s strategy is to create a diversified portfolio of leveraged investments where liability is limited to each individual investment while the upside is uncapped. This diversification of investments is created to reduce the overall risk of loss to an equity investor in the fund. We generally seek investments that we believe are at appropriate valuations, are in businesses which have identifiable and sustainable value propositions, and for which there exists a vision for achieving free cash flow for debt reduction, earnings growth and organizational improvement. Furthermore, we seek investment opportunities for which exit alternatives exist for the realization of value created. We primarily focus on investments in North America through our strategic alliances.

In screening potential investment opportunities, we seek to implement a due diligence process that is aimed at assessing and quantifying the opportunities for, and challenges to, value creation faced by such potential portfolio companies. Such process typically involves research of a prospective portfolio company’s markets served, competitive position, capabilities, customer relationships, environment, potential for future growth and ultimate realization of value, but may vary depending

on the facts and circumstances relating to the particular investment opportunity, including the type of information available to us. Our efforts are typically augmented by outside industry advisors, accountants, lawyers and other relevant experts that we determine are necessary.

In executing investments, we seek to invest at attractive valuation levels, maintain price discipline and differentiate between market overreactions or cyclical valuation peaks and long-term sustainable valuations. In particular, we seek to implement capital structures that support value-creation strategies and future growth, with a preference for entirely private capital structures while avoiding excessive leverage. We also work closely with management of our portfolio companies to assess whether strategic acquisitions, internal capital investments, geographic expansion or product line extensions provide a clear strategy for creating long-term value.

Post-investment, we monitor portfolio companies closely, regularly speaking to and meeting with management and receiving periodic performance reports. Furthermore, our personnel always serve on the boards of directors of our funds' portfolio companies. This regular contact is intended to permit us to assess opportunities for portfolio company growth, identify the optimal realization point and find suitable exits.

### **Risk Factors**

Investing involves a risk of loss which an investor in a fund should be prepared to bear. The discussion below of risks associated with an investment in our funds does not purport to be an exhaustive list of all such risks. Please see the confidential offering memoranda of our funds for a more detailed discussion of risks.

**Legal, Tax and Regulatory Risks.** Legal, tax and regulatory changes could occur that may adversely affect a fund, its portfolio companies or its investors. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. To the extent that there is increased regulation, whether foreseeable today or not, it may place limitations and restrictions on the way that our funds are permitted to operate or the way in which we and our affiliates are permitted to manage funds, or increase our costs or the funds' cost of operations, and this may impact negatively on returns to investors.

**Regulation Risk.** Clearview Capital is registered as an investment adviser with the SEC and is subject to the rules and regulation of the Investment Advisers Act, which requires it to develop a compliance program, establish a code of ethics and disclose material conflicts of interest. This creates a risk that Clearview Capital or its employees may inadvertently fail to observe these legal or regulatory requirements. The likelihood of this risk materializing is believed to be low, and Clearview Capital has hired legal counsel and regulatory consultants to advise on and monitor the compliance program.

**Risk of Loss of Capital.** Investment in securities involves the risk of loss of capital. Investors that cannot bear the loss of their entire investment in one of our private investment funds should not make such an investment. While we believe that our investment processes, strategy and research techniques mitigate the investment risk through a careful selection of investment opportunities, no guarantee or representation is made that we will achieve a fund's investment objectives in any individual portfolio company investment. We also seek to limit potential losses by structuring each investment separately and restricting the total investment in each portfolio company to a maximum of 20% of total fund capital.

**No Market for Fund Interests; Restriction on Transfer and Withdrawal.** The interests in our funds have not been registered under the Securities Act or the securities laws of any state or other jurisdiction, and cannot be resold unless they are subsequently registered under the Securities Act of 1933 and other applicable securities laws or an exemption from registration is available. It is not contemplated that the registration of the interests in our funds under the Securities Act or other securities law will ever be effected. There will be no market for the interests. In addition, interests are not transferable except with the consent of the general partner, managing member or manager of the fund, as the case may be, which may be withheld in its sole discretion. Investors may not withdraw capital from the funds. Consequently, investors may not be able to liquidate their interests prior to the end of the fund's term and must be prepared to bear the risks of owning fund interests for an extended period of time.

**Reliance on General Partner, Managing Member or Manager.** Investors will have no opportunity to control the day-to-day operations of the funds, including investment and disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of the funds, investors must rely entirely on the general partner, managing member or manager, as the case may be, to conduct and manage the affairs of the funds. The loss of the services of one or more of the Clearview Capital principals could have an adverse impact on the funds' ability to realize their investment objectives. There can be no assurance that each of the principals will continue to be affiliated with the funds throughout their anticipated terms. In addition, past performance is not indicative of future results and there can be no assurance that the funds will achieve results comparable to those of prior portfolio company investments managed by firm.

**Risk of Receiving Liquidating Distributions of Illiquid Securities.** Our funds are authorized to make liquidating distributions of restricted or otherwise illiquid securities. Investors therefore must be prepared to bear the risks of owning such securities for an indefinite period of time.

**Illiquid and Long-Term Investments; Lack of Transferability.** Although our funds' investments may generate current income, the return of capital and the realization of gains, if any, from such investments is expected to occur upon their disposition. Such investments are typically held for a number of years before they are sold. Furthermore, it is unlikely that there will be a public market for such investments and their securities generally may not be sold publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases, the sale of such investments may

be prohibited or limited by contract for a period of time, and as a result, we may not be permitted to sell such investments at a time we might otherwise desire to do so.

**Leverage.** While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Our funds' investments may be significantly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Moreover, rising interest rates may have a more pronounced effect on the profitability or survival of such companies. If for any of these reasons a portfolio company in which we invest on behalf of a fund is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness or make regular dividend payments, the value of the investment in such portfolio company could be significantly reduced or even eliminated.

**Financial Market Fluctuations.** General fluctuations in the market prices of securities may affect the value of investments held by our funds. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public and private high-yield debt market or otherwise.

**Highly Competitive Market for Investment Opportunities.** The activity of identifying, completing and realizing on attractive private equity investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that we will be able to identify and complete investments that satisfy our funds' investment objective, or realize the value of their portfolio investments, or that we will be able to fully invest their commitments.

**Portfolio Company Management Risks.** It is common for the portfolio companies in which our funds invest to rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. While we monitor each portfolio company's management team, each such team will ultimately have day-to-day responsibility for the business of such portfolio company.

**Limited Number of Investments.** Our funds may participate in a limited number of investments and, as a consequence, the aggregate return of our funds may be substantially and adversely affected by the unfavorable performance of a single investment.

**Control Position.** The exercise of control over portfolio companies may expose our funds to additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability that generally characterizes business operations may be ignored. While we intend to manage our funds so as to minimize exposure to these risks, the possibility of successful claims cannot be precluded. Even when the funds prevail in any claims for liability they may incur significant costs of defending against those claims.

**Contingent Liabilities on Disposition of Illiquid Securities.** In connection with the disposition of an investment in a portfolio company, the funds may be required to make representations about the business and financial affairs of such company, and to indemnify the purchasers of such

investment if those representations are inaccurate. We or our Clearview Affiliate, as the case may be, will establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of the funds, the investors may be required to repay to the funds or to pay to creditors of the funds distributions previously received by them.

**Indemnification.** The Clearview Affiliate and the manager, and the members, partners, shareholders, directors, officers, employees, agents and affiliates of each of them will be entitled to indemnification from the funds. Such liability may be material. The assets of the funds will be available to satisfy these indemnification obligations, and investors may be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of the funds.

**Board Participation.** Our funds may be represented on the boards of directors of certain of their portfolio investments. Although such positions may be important to our investment strategy and may enhance our ability to manage the investment, they may also impair our ability to sell the investment when, and upon the terms, we may otherwise want. It may also subject us and our funds to claims we would not otherwise be subject to, including claims of breach of duty of loyalty, securities claims and other director-related claims. In a typical situation, Clearview Capital believes that the interests of all parties are aligned since the success of the fund, Clearview Capital and the portfolio company all depend upon the accretion of value at the portfolio company.

**Risk Arising from Provision of Managerial Assistance.** Clearview Capital intends for each fund to structure its investments so that the fund will be a “venture capital operating company” within the meaning of regulations promulgated under ERISA. This requires that the fund obtain rights to participate substantially in and to influence substantially the conduct of the management of portfolio companies that comprise a majority of the fund’s investments. The fund will typically designate the Clearview Capital personnel to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the fund to claims by a portfolio company, its security holders and its creditors and/or indemnification obligations in connection therewith. While the manager intends to manage the fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be fully precluded.

**Risks In Effecting Operating Improvements.** In many cases, the success of our funds’ strategies will depend, in part, on the ability of the funds to restructure and effect improvements in the operation of a portfolio company. The activity of identifying and implementing potential operating improvements in a portfolio company entails a high degree of uncertainty. There can be no assurance that the funds will be able to successfully identify and implement such improvements.

## ITEM 9. DISCIPLINARY INFORMATION

Clearview Capital is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Clearview Capital or the integrity of Clearview Capital's management.

Clearview Capital has no information to disclose in response to this item.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither we nor any of our Clearview Affiliates, listed below, is registered, nor do we have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither we nor any of our Clearview Affiliates, listed below, is registered, nor do we have any application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

### **Clearview Affiliates**

Clearview Capital GP, LLC is the general partner of the Committed Funds.

Clearview Capital GP III, LLC is the general partner of Fund III.

Each of the foregoing Clearview Affiliates is indirectly controlled by Messrs. Andersen and Neider.

See also Conflicts of Interest in Item 11 below regarding Clearview Affiliates.

## ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### **Code of Ethics and Trading Policy**

Our Code of Ethics and Trading Policy is documented in our Compliance Manual ("Compliance Manual"), a copy of which (and any amendments) is provided to each employee. Each employee is required to certify that he or she has read, understands and agrees to comply with our Compliance Manual and the Code of Ethics and Trading Policy found therein. Furthermore, each employee is required to certify annually that he or she has complied with the Code of Ethics and Trading Policy. We will also provide updates and training as necessary and hold annual compliance training sessions, and attendance at such sessions is mandatory for all employees.



Our Compliance Manual, which includes a Code of Ethics and Trading Policy, requires, in short, that Clearview Capital and its employees will:

- Place the interests of funds first;
- Avoid taking inappropriate advantage of Clearview Capital's position;
- Keep information confidential;
- Comply with federal securities laws and all other laws and regulations applicable to Clearview Capital's business;
- Conduct all personal securities transactions in compliance with the Code of Ethics and Trading Policy; and
- Report when in doubt about the propriety of any action or situation.

Our Compliance Manual also requires all of our Access Persons as such term is defined in Advisers Act Rule 204A-1 to notify us of all of their securities holdings annually and submit to us within 30 days after the end of each calendar quarter securities transaction reports identifying all securities purchased and sold. At least quarterly, our Chief Compliance Officer reviews securities transaction reports as well as brokerage and adviser statements to determine compliance with our reporting procedures. Furthermore, we require that each Access Person re-affirm the accuracy of his or her list of accounts on record with us at least annually.

Our Compliance Manual also provides for our Chief Compliance Officer to establish and maintain a restricted list of securities that are not to be traded, and requires that employees obtain approval from the Chief Compliance Officer before investing in any initial public offering of securities or in any private placement of securities.

A copy of our Compliance Manual and its Code of Ethics and Trading Policy will be provided to any client or prospective client upon request.

### **Conflicts of Interests**

**Participation or Interest in Client Transactions.** As described in Items 5 and 6 above, we or a Clearview Affiliate are generally entitled to receive management fees and/or a carried interest from our funds. Employees also make capital commitments to such funds or co-invest with such funds through affiliates as delimited in the governing documents. Furthermore, we may receive fees from our funds' portfolio companies for performing consulting and other services for such companies. Each of the foregoing may represent a material financial interest in the portfolio company and/or its securities that we recommend to our client accounts.

As described in Item 5 above, the management fees that we receive from our funds after the termination of their commitment periods are based on their "invested capital." To the extent that an investment is written-down to below cost, for purposes of calculating our management fee, the invested capital in such investment would be reduced by the amount that the investment has been written down and would result in our receiving a reduced management fee. As a result, this may

theoretically incentivize Clearview Capital to overvalue underperforming investments and could discourage a manager from assigning a valuation lower than cost. Clearview Capital understands that these situations may be perceived as creating a potential conflict. However, Clearview Capital strives always to act in the best interests of its clients and has mitigated this by having our valuations reviewed annually by our funds' independent public auditors. Clearview Capital understands that the entitlement to performance fees by Clearview Affiliates may be perceived to incentivize us to cause our funds to make more speculative investments than would be the case in the absence of such performance fee arrangement. Clearview Capital however, believes that its long-term business health depends on always acting in the best interests of its investors. In addition, the significant capital commitments made by Clearview Capital management and other Clearview Capital personnel through Clearview Affiliates, which capital commitments are invested pro rata with the commitments of each fund's limited partners or members, as well as the "clawback obligations" (as described in Item 6), serve to mitigate the effects of such possible conflict of interest.

Clearview Capital understands that our ability to receive fees (and related expense reimbursements) from our funds' portfolio companies, for performing consulting and other services for such companies, may appear to represent a potential conflict of interest since we generally have substantial control or influence over such companies and the fees charged by us may be seen as a reduction to the profits earned by such companies. However, this potential conflict of interest is mitigated by the fact that the amount of such fees are typically negotiated with the applicable portfolio company's management team and/or any roll-over equity holders, as well as the fact that all such fees are disclosed to our funds' investors. In the case of the Committed Funds and Fund III, a portion of such fees offset management fees otherwise payable by our funds (as described in Item 5 above).

**Allocation of Investment Opportunities.** In general, due to the sequential nature in which funds are formed, Clearview Capital is actively pursuing new investment opportunities for a single fund at any one time. As such, Clearview Capital does not generally allocate investment opportunities among its funds, though it has occurred on certain occasions. Fund organizational documents set forth terms with respect to the allocation of investment opportunities and generally provide that, from the date of closing of a fund until the expiration of its commitment period, all prospective investment opportunities (other than follow-on investments related to a predecessor fund) that Clearview Capital identifies, which are within the scope of the fund's investment objectives and are in excess of a threshold amount specified in the fund's organizational documents, will be made available to that fund before being offered to any other person. Notwithstanding the foregoing, in the event of a closing of a successor fund prior to the expiration of an existing fund's commitment period, Clearview Capital will allocate such investment opportunity among such funds on a basis that Clearview Capital believes is fair and equitable and with the approval of the applicable fund's limited partner or member advisory committees.

**Principal Transactions.** We do not anticipate entering into principal transactions where we or any Clearview Affiliate purchases or sells any securities for our own accounts from or to the account of any fund. In the event that we or any Clearview Affiliate does engage in a principal

transaction, we will seek the approval of the applicable fund's limited partner or member advisory committee in accordance with the terms of such fund's organizational documents and such transaction will be undertaken only in compliance with Section 206(3) under the Investment Advisers Act of 1940, as amended.

**Agency Cross & Cross Transactions.** Since neither we nor any Clearview Affiliate is registered as a broker-dealer, we do not engage in agency cross transactions. In the event that we cause funds to enter into a cross transaction, in which one fund sells a security directly to another fund managed by Clearview Capital, we will seek the approval of each fund's limited partner or member advisory committees in accordance with the terms of each fund's organizational documents.

**Board of Operating Advisors.** Clearview Capital has established a Board of Operating Advisors ("Operating Advisors") who, upon request, reviews and advises Clearview Capital on potential investment opportunities. Operating Advisors generally consist of individuals whose business experience is independent of our portfolio companies however may come from management of portfolio companies currently or formerly owned by the funds. Each Operating Advisor provides Clearview Capital with advice derived from experience within the middle market and industry sectors Clearview Capital values. Operating Advisors are paid a retainer fee by Clearview Capital who solely bears the cost for these services. However, in the case where an Operating Advisor is also appointed to the board of directors of a portfolio company, such individual is paid separate director's fees by the portfolio company and therefore indirectly by the funds. It is the policy of Clearview Capital to negotiate the services of Operating Advisors independent of any future directorship considerations.

## ITEM 12. BROKERAGE PRACTICES

We do not make regular use of brokers for the purposes of purchasing securities on behalf of the funds because the securities that the funds typically purchase are acquired in privately negotiated purchase and sale transactions. If and when we use a broker to sell securities, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us. We will negotiate the commission rates and other transaction costs relating to broker services.

We do not receive soft dollar benefits or client referrals from broker-dealers in connection with client transactions.

## ITEM 13. REVIEW OF ACCOUNTS

We review all client accounts on a current basis and a formal review of a client's accounts will be undertaken as necessary. Our principals and Clearview Capital employees meet several times a month to review investments. Each fund will be audited on a yearly basis by a firm of independent public accountants. We provide our funds' investors with (i) audited annual financial reports, (ii)

unaudited quarterly financial reports, (iii) quarterly descriptive information for each of the applicable fund's portfolio companies, (iv) annual tax information for the completion of tax returns and, (v) for the Committed Funds and Fund III, additional detailed information during our funds' annual LP meetings.

## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

The payment of cash solicitations other than to broker-dealers in the form of placement agent fees is generally prohibited with respect to investments in private investment funds. If Clearview Capital should manage clients other than private investment funds, any cash payments to solicitors will be made in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

Clearview Capital may enter into arrangements with placement agents to solicit investors in existing or future clients. Clearview Capital only engages placement agents who are registered or licensed in the appropriate capacity. As mentioned in Item 5, in the case where a fund pays the placement agent fees, the management fee payable to Clearview Capital by a fund is reduced 100% by any placement fees paid by the fund, amortized throughout the original commitment period of the fund.

## **ITEM 15. CUSTODY**

Rule 206(4)-2 under the Advisers Act (the "Custody Rule") defines "custody" to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has the authority to obtain possession of them, in connection with advisory services provided by the adviser. In the context of the management of private equity funds, the definition of custody specifically includes possession by an adviser or its related person of the kind of legal ownership or capacity to access funds and securities that is held by a general partner of a limited partnership or the managing member of a limited liability company.

As a result, for purposes of the Custody Rule, we are deemed to have "custody" of client assets, because either we or our Clearview Affiliates will occupy that kind of position of authority with respect to the funds.

In accordance with Rule 206(4)-2, each fund is audited annually by a PCAOB registered independent accounting firm. The audited financial statements are subsequently distributed to all investors within 120 days of year end.

## **ITEM 16. INVESTMENT DISCRETION**

We have entered into an investment management agreement with each fund. Each such agreement, together with the management authority granted to each respective Clearview Affiliate and as described in the fund's organizational document, provides us with full discretion to determine investments to be purchased and sold on behalf of the fund and the terms of the related transactions. Limitations on our investment discretion are set forth in the investment management agreements with, and the organizational documents, of our funds.

## **ITEM 17. VOTING CLIENT SECURITIES**

While the securities evidencing the private equity investments made by our funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the accounts of our funds, may be asked to vote the securities held by such funds on restructuring or other corporate matters. If such an event, we would vote (or abstain from voting) all proxies or written consents in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with our fiduciary duties to our clients.

A copy of our proxy voting policies and procedures will be provided to any client and prospective client upon request.

## **ITEM 18. FINANCIAL INFORMATION**

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and we have not been the subject of a bankruptcy proceeding.

## **ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.