



Rhône Group L.L.C.

**Part 2 of Form ADV
Brochure Document**

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Rhône Group L.L.C. and certain of its affiliates. If you have any questions about the contents of this Brochure, please contact us at (212) 218-6700 or email us at info@rhonegroup.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or any state securities authorities.

Additional information about Rhône Group L.L.C. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Rhône Group L.L.C. is a registered 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

Rhône Group L.L.C. (“Rhône” or the “Company”) is required to identify and discuss material changes made to this Brochure since its last annual update filed on March 31, 2017. While there have been no material changes to Rhône’s business, this amended Brochure reflects the insertion of additional disclosures relating to risk factors and potential conflicts of interest. In addition, the offices of Rhône have moved from 630 Fifth Avenue, New York, NY 10111 to 12 East 49th Street New York, NY 10017.

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ITEM 4 Advisory Business

Rhône was founded in 1996 and is led by its managing directors.¹ Rhône provides discretionary investment advisory services to private equity funds (the “Funds”) both directly and through investment advisory affiliates under its supervision and control. Advisory services are tailored to the specified investment mandates of each Fund as set forth in each Fund’s private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time. Investment advice is not provided to the individual limited partners or investors of any Fund. As a general matter, the Company focuses on investment opportunities in market leading, cash flow generating businesses with a pan-European or transatlantic presence and expansion projects, although the type of investments pursued for a particular Fund may be modified or adjusted, as appropriate, in accordance with the mandate of a particular Fund. Certain Funds to which the Company provides advisory services have been established as part of an investment program designed specifically for a third-party institutional investor, which are referred to in this Brochure as the “JV Funds”. The JV Funds have co-invested alongside one or more other Funds and also make investments independently. In addition, the investment strategy for the JV Funds is broader and takes into account different investment objectives than that of the other Funds.

The Company also provides, and expects in the future to provide, advisory services to a number of special purpose vehicles through which certain of the Funds invest and alternative investment vehicles that are formed pursuant to, and in accordance with, the terms of the constituent documents of the Funds and the related subscription materials or as set forth in the applicable private placement or confidential offering memorandum. These vehicles are generally formed to facilitate portfolio investments by the Funds for legal, tax or regulatory purposes.

To the extent that a particular investment opportunity exceeds the desired aggregate allocation to a Fund, in view of investment size, type, available capital, diversification, location, holding period and other relevant considerations, Rhône from time to time expects to offer personnel and/or certain other persons associated with Rhône and/or its affiliates (to the extent not prohibited by the applicable constituent documents) or third parties the opportunity to co-invest in such investment opportunity. Rhône and its affiliates are also permitted to offer co-investment opportunities to other persons or firms who Rhône or its affiliates believe will be of benefit to the Funds and/or may provide a strategic benefit. Rhône may also organize one or more vehicles to invest in certain of its Funds or to co-invest alongside other Funds to facilitate personal investments by such persons or firms and by partners, managers, members, officers and employees and their related parties and associates of Rhône or of control entities.

Such co-investments typically involve the acquisition and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase (i) a class of security or interest in a portfolio company that is different from that

¹ The terms “Rhône” and the “Company” are used in this Brochure to refer to Rhône Group L.L.C. and certain of its advisory affiliates, including any relying adviser and affiliates that serve as the general partner for certain Funds.

held by a Fund or (ii) a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), in each case, subject to any terms, conditions or restrictions set forth in the constituent documents or related subscription materials of the relevant Fund(s) or as set forth in the applicable private placement or confidential offering memorandum. Any such purchase of interests in a portfolio company directly or indirectly from a Fund by a co-investor or co-invest vehicle generally occurs simultaneously with, or shortly after, the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Rhône's sole discretion, Rhône is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. On occasion, such co-investor or co-investment vehicle may participate in an investment with an anticipated holding period or investment horizon that departs or differs from that of the Fund making the investment. In such case, the co-investor or co-investment vehicle may exit the investment at a different time and at a different price than the Fund.

Limited partnership (or equivalent) interests in the Funds will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds will not be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests, units or shares, as may be applicable, in the Funds will be offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements.

As of December 31, 2017, the Company had total assets under management (including uncalled capital commitments) of approximately \$5.7 billion, all of which was managed on a discretionary basis.

ITEM 5

Fees and Compensation

Management and Monitoring Fees and Performance Allocations

Rhône is compensated by the Funds for its advisory services through the receipt of management and monitoring fees, as well as a share of profits realized from investment dispositions (referred to herein as a "performance allocation"), as described in more detail below. Each affiliate of Rhône that serves as a general partner of a Fund is entitled to receive a performance allocation from such Fund. ***The specific payment terms and other conditions of the management and monitoring fees and other compensation as well as performance allocations available to Rhône or a general partner of a Fund are set forth in the relevant private placement or confidential offering memorandum, subscription materials and constituent documents of each Fund, in each case, as amended or supplemented from time to time.***

In the case of certain Funds, the applicable general partner has the unilateral discretion to waive or modify the application of certain provisions of the constituent documents of such Fund with respect to an investor in such Fund (typically those related to management and monitoring fees as well as performance allocations) without obtaining the consent of any other investor in such

Fund. The applicable general partner generally waives all management and monitoring fees and performance allocations from managing directors, principals, employees and senior advisors of Rhône and its affiliates, as well as for family members, certain managers affiliated with portfolio investments, and other persons with a current or historical relationship with Rhône or one of its affiliates, as determined by such general partner.

Management and monitoring fees are generally payable quarterly in advance or quarterly in arrears, depending on the Fund. The specific terms relating to management and monitoring fees are contained in a Fund's relevant private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time. Management and monitoring fees are payable during the term of a particular Fund.

The management and monitoring fees that Rhône receives for services provided to certain of its Funds may be based on capital contributions as opposed to capital commitments. In such cases, because Rhône will not receive management and monitoring fees from such Funds until capital is drawn, there is an incentive for Rhône to invest such Funds' capital earlier than it otherwise might have if management fees were based on capital commitments.

Transaction Fees and Monitoring Fees

Rhône also receives certain fees in connection with its Funds' portfolio investments. In such cases, Rhône typically receives (i) a fee in connection with certain material events occurring in connection with a portfolio investment, including an investment, an exit or a refinancing (a "Transaction Fee") and/or (ii) a reasonable monitoring fee in respect of a portfolio investment (a "Monitoring Fee"). Rhône and/or its affiliates generally have discretion over whether to establish agreements with portfolio companies addressing Transaction Fees and Monitoring Fees or other compensation from a portfolio company, and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Rhône and/or its affiliates on the other hand.

In some but not all cases, depending on the terms of the constituent documents of a Fund, the Transaction Fee, Monitoring Fee or other fees received by Rhône from portfolio companies may be applied to reduce the management or monitoring fee payable to Rhône by such Fund on a *pro rata* basis reflecting such Fund's interest in such portfolio company.

Fees and Compensation from Co-Investments; Treatment of Broken Deal Expenses

As a general matter, Rhône and any of its affiliates may charge management and other fees to, or receive a performance allocation from, any co-investors; however, Rhône and its affiliates may elect not to charge or receive any such amounts in connection with such co-investment opportunities.

In addition, Rhône receives compensation for Transaction and Monitoring and other services performed as a result of co-investments made in portfolio companies of the Funds. As a matter of practice, Rhône is typically paid Transaction and Monitoring Fees from portfolio companies, on behalf of, with respect to, or which are attributable to, co-investors participating in a particular

investment. The receipt of such fees attributable to the participation in an investment by a co-investor will not reduce any management and monitoring fees payable by any Fund that also holds an interest in such investment, and as a result, a Fund will, in most cases, only benefit (if at all) with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which may be significant.

As noted previously, Rhône and/or its affiliates are expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds. If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, or would otherwise have been beneficial, in the judgment of the relevant Fund's general partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction.

Operations Group

As further described herein and in the relevant private placement or confidential offering memorandum of each Fund, Rhône and/or its affiliates, including any Fund and/or its portfolio companies, retain certain persons primarily to provide manufacturing, sales, marketing, technology, human resources, acquisition integration / rationalization and/or other operations services, acquisition or other due diligence, or similar services (the "Operations Group") to such Fund, any alternative investment vehicle or any portfolio company or prospective portfolio company of such Fund or any alternative investment vehicle. The members of the Operations Group may or may not be affiliated with Rhône. Members of the Operations Group are expected to include, among others, industry executives, advisors, consultants, operating executives, subject matter experts or other persons acting in a similar capacity who provide consulting and other services.

Services provided by the Operations Group also include operational improvement initiatives or taking management or policy-making positions for portfolio companies. The services provided by the Operations Group are expected to be on terms no more favorable than would be obtained on an arm's length basis for such services (as determined by Rhône or its applicable affiliates acting reasonably). Members of the Operations Group receive compensation that may include cash fees (including fees relating to service on a board of directors or similar organization), retainers, transaction or other service fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds or their respective general partners, or other compensation, which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such service providers, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. No such compensation will offset any management or monitoring fees payable by any Fund. Members of the Operations Group also generally will be reimbursed for certain travel and other costs in connection with their services, and no such reimbursed amounts will offset any management or monitoring fees payable by any Fund. The use of the

Operations Group subjects Rhône to conflicts of interest, as further discussed under Item 8 – “Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest” below.

Other Expenses

In addition to the fees described above, other than with respect to certain administrative expenses of specific Funds, investors in the Funds generally bear all expenses related to the organization of a Fund (in some cases subject to a cap), its operations (including legal, consulting, insurance, financing, accounting and custodian fees and expenses), litigation and indemnification expenses, as well as expenses incurred in connection with the making, financing, holding, managing, hedging, sale or proposed sale of each Fund investment and any taxes, fees or other governmental charges levied against any Fund. Each Fund is also responsible for fees and expenses of the type described above, and for other liabilities or obligations, incurred in connection with broken deals, including broken deal expenses relating to transactions that have been offered to co-investors.

In the event Rhône or any of its affiliates, including the general partner (or similar person) of a Fund, incurs any fees, costs, expenses or other liabilities noted in the immediately preceding paragraph on behalf of any Fund, Rhône or such of its affiliates shall be entitled to reimbursement from such Fund or its portfolio investment for such fees, costs, expenses or other liabilities.

From time to time, Rhône and its affiliates expect to incur fees, costs and expenses on behalf of more than one Fund. To the extent such fees, costs and expenses are incurred for the account or benefit of more than one Fund, each Fund will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Fund’s applicable constituent documents) or in such other manner as Rhône or its applicable affiliates consider fair and equitable under the circumstances. Rhône and its applicable affiliates endeavor to allocate such fees, costs and expenses on a fair and equitable basis. Notwithstanding the foregoing, Rhône may in the future develop policies and procedures to address the allocation of expenses that differ from its current practices.

In the event that one Fund pays for an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which is received by other Funds over time), it shall be reimbursed by the other Funds by their share of such expense, without interest. While Rhône believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund.

In addition, Rhône may engage, or cause the Funds to engage, placement agents to market and sell interests in the Funds to prospective investors in a Fund. Rhône requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of the Financial Industry Regulatory Authority. Rhône may impose a placement fee, on a disclosed basis, on the relevant investors to compensate unaffiliated third parties who assist in obtaining subscriptions to such vehicles. In these cases, Rhône reduces such investor’s management and monitoring fee to the extent that any placement fees are borne by any such investor.

Please refer to the discussion under Item 12 – “Brokerage Practices” below for additional information relating to brokerage and other transaction costs.

ITEM 6

Performance-Based Allocations and Side-by-Side Management

Rhône receives performance-based allocations from the Funds, as noted above. Rhône’s right to a share of profits realized from investment dispositions may create an incentive for Rhône to make riskier or more speculative investments on behalf of a Fund than it otherwise would make in the absence of such arrangement. Rhône has procedures and practices in place designed to ensure that all investment decisions are made in accordance with investment objectives and restrictions, as outlined in the offering documents of each Fund. The Company does not receive performance-based allocations with respect to unrealized gains of Fund investments. Rhône has the authority to waive any performance-based allocations.

Generally, the Funds invest in securities or other assets that are illiquid and lack a readily assessable market value. Such illiquid investments are typically subject to the management and monitoring fees described above. In some cases, a Fund’s assets may be valued at fair value for financial statement reporting purposes and at historical cost unless the asset has suffered a permanent impairment in value for purposes of calculating fees and performance allocations. Valuing assets at historical cost absent a permanent impairment of value results in more stable asset values over time and may result in Rhône receiving higher management fees than would otherwise be received if assets were valued at fair value, especially during periods when asset values are generally declining. In addition, valuing assets at historical cost may result in the general partner of a Fund receiving a higher performance allocation than it would if assets were valued at fair value. The constituent documents of each Fund disclose the valuation methodology applied under the applicable circumstances.

Timing of Investment Realizations

The terms applicable to distributions of performance allocations could incentivize Rhône and its affiliates to make decisions regarding the timing and structure of realizations of portfolio investments that may not be in the best interests of the Funds. For example, under the typical terms of a private equity-style distribution “waterfall” of a Fund, distributions of performance allocations become payable earlier if profitable investments are liquidated before unprofitable investments because such a waterfall does not permit any distributions of performance allocations until after the cumulative amount of distributions has covered any prior losses associated with unprofitable investments. Further, in the “catch-up” period that occurs after investors have received the applicable priority return (typically set at eight percent per year, compounded annually), the general partner or similar person of the Fund entitled to the performance allocation will typically receive 100 percent of distributions until such time as it receives 20 percent of the Fund’s cumulative profits. During this period, the general partner or similar person is heavily incentivized to bring realizations forward and lock in returns (and stop the accrual of the priority return), even though the investors might achieve a better overall return if the relevant Fund retained the investment for a longer period of time. The constituent documents of each Fund generally contain a requirement that the general partner or similar

person make a commitment to the capital of such Fund and include a “clawback” requiring the general partner or similar person to return excess distributions to investors (often at the end of the term of the Fund) in the event that the general partner or similar person receives more profits on an aggregate basis over the life of such Fund than it should have pursuant to the performance allocation, each of which tends to mitigate the foregoing conflicts. However, since any “clawback” owed to investors of a Fund is typically calculated on an after-tax basis under the applicable constituent documents, investors may not ultimately receive their full share of profits that they would have otherwise received had there been no excess distribution to the general partner or similar person throughout the term of the Fund.

In addition, Rhône and its applicable affiliates may be incentivized to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees in the interim and, potentially, a more likely or larger distribution of a performance allocation if such asset’s value appreciates in the future. This incentive may be increased by the presence of “clawbacks” in certain Funds where the general partner or similar person is under an obligation to return to the Fund’s investors any excess distributions of performance allocations received by such general partner or similar person upon the Fund’s termination.

For any Fund with a transaction-by-transaction “waterfall”, there will not be a “clawback”. While, in such case, the timing of a disposition of one investment may not be influenced by the performance of other investments, the total performance allocation received by the general partner or similar person may exceed the amount of performance allocation that it would have received had the investments by such Fund been aggregated for purposes of determining whether the general partner or similar person should be entitled to a performance allocation.

Allocation of Investment Opportunities Among Funds

Rhône is committed to allocating investment opportunities among its Funds in a manner that, over time, is fair and equitable to each of its Funds. To accomplish this goal, Rhône and its affiliates take into consideration the potential investment opportunity and the individual characteristics and mandates of each Fund. Rhône has established policies and procedures to guide the determination of such allocations. Rhône’s allocation of co-investment opportunities is discussed further in Item 8, under “Conflicts of Interest.”

Funds Co-Investing with Third Parties

The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the relevant Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. Any persons or entities that propose to co-invest with a Fund in connection with any transaction (including, without limitation, Rhône principals, employees and affiliates) may only be responsible for a share of the fees and expenses associated with such transaction to the extent such transaction is actually consummated. Accordingly, to the extent any such transaction is not

consummated, the full amount of any expenses relating to any such proposed transaction would therefore generally be expected to be borne fully by the applicable Fund.

Co-Investment Policy

Rhône will be under no obligation to provide co-investment opportunities, may offer a co-investment opportunity to one or more co-investors without offering such opportunity to any of the other potential co-investors, and has agreed to give priority co-investment allocation to certain investors, in each case on terms to be determined by Rhône or its affiliates. Notwithstanding the foregoing, co-investments will generally be made, at the investment level, on economic terms substantially no more favorable to co-investors than those on which a Fund invests and any such co-investment generally will be sold or otherwise disposed of at substantially the same time (and in the case of a partial disposition, in substantially the same proportion) as a Fund's disposition of its interest in such investment and on economic terms at the investment level substantially no more favorable to such co-investors than to a Fund. However, as noted above, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a class of security or interest in a portfolio company that is different from that held by a Fund, which may also affect the timing of the disposition of such investment, necessitating an earlier or later disposition than that of a Fund. In such cases, Rhône follows its policies and procedures established to allocate investment opportunities among its Funds.

Over-Commitment by a Fund

In order to facilitate the acquisition of a portfolio company, Rhône or one or more of its affiliates may make (or commit to make), or may cause one or more of their Funds to make (or commit to make), an investment in such portfolio company with a view to selling a portion of such investment to co-investors or other persons prior to or within a period after the closing of the acquisition. In such event, the Funds then holding such investment will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the applicable Funds may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or may realize lower than expected returns from such investment. Rhône and its affiliates endeavor to address such risks by requiring such investments to be in the best interests of its Funds, regardless of whether any sell-down ultimately occurs. None of Rhône or any of its affiliates will be deemed to have violated any duty or other obligation to the Funds or any of their respective investors by engaging in such investment and sell-down activities.

ITEM 7

Types of Clients

Rhône provides investment management services to certain foreign and domestic pooled investment vehicles organized as limited partnerships and other foreign legal entities. The Funds are not registered under U.S. federal securities laws. All U.S. persons investing in a Fund must be "accredited investors" (as defined in Regulation D of the Securities Act) or, either alone or with one of its representatives, have sufficient knowledge and experience in financial and business

matters to make such person capable of evaluating the merits and risks of investing in a Fund. Investors may also be required to satisfy other conditions when appropriate such as being a “knowledgeable employee” within the meaning of Rule 3c-5 of the Investment Company Act. Details concerning applicable investor eligibility or suitability requirements are included in the offering documents relating to each Fund, including its private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time, which are furnished to all investors in a Fund.

The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, 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 Rhône and its affiliates and members of their families, senior advisors, operating executives and members of the Operations Group, or other service providers retained by Rhône.

Investors must meet certain minimum initial investment thresholds, which vary by Fund. Investment amounts below the minimum required may be accepted at Rhône’s discretion.

ITEM 8

Methods of Analysis, Investment Strategies and Risk of Loss

As a general matter, the objective of the Funds is to generate returns on investment, primarily through long-term capital appreciation, subject to the specific provisions of the mandate set forth in each Fund’s private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time. Each Fund generally expects to make equity and equity-related investments in situations where it will be the primary institutional investor or part of a group of institutional co-investors, in each case, with management rights appropriate for the investment. However, a Fund may also invest in debt securities or other instruments, so long as such investment is within the investment mandate of such Fund. Investments include, but are not limited to, management buy-outs or leveraged acquisitions, recapitalizations, growth equity investments, spin-offs from large corporations, and industry consolidation platforms. The JV Funds may also make investments in alternative assets such as royalty or similar interests, ships, timber, oil and gas, real estate and infrastructure projects. Specific descriptions of such strategies and methods are included in each Fund’s private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time. This summary should not be interpreted to limit in any way Rhône’s investment activities.

Before Rhône devotes significant resources to pursuing an investment opportunity, the transaction team prepares an introductory memorandum regarding the target company for review by Rhône’s Investment Committee. Each introductory memorandum is expected to contain an analysis of certain high-level information available at that stage of the potential investment, including (to the extent available) a description of the target and the anticipated transaction, a description of the target’s business, a general review of the industry, an investment thesis, a summary of the risks and merits of the opportunity, and a recommendation by the team. Following review of the introductory memorandum and discussion with the transaction team, the

Investment Committee determines whether a Fund should pursue the opportunity, raising particular concerns to be addressed in further due diligence. If it is determined to move forward with the proposed investment, the transaction team then continues to update and inform the Investment Committee of significant developments on a regular basis throughout the due diligence process until it is in a position to submit a final investment memorandum for consideration and decision.

Rhône performs significant research into each prospective investment and disposition. Such research generally includes, among other things, a review of the target company's financial statements, comparisons with similar public and private companies (to the extent such information is available) and relevant industry data. In conducting such research, Rhône consults a variety of sources generally accepted by the financial community, including the following: financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, due diligence materials and other internal documentation made available by the target and, if applicable, annual reports, prospectuses, filings with the SEC and company press releases. It also engages the services of experts and consultants with expertise in relevant areas, and requests and seeks out additional materials it deems relevant.

Typically, Rhône seeks to invest in cash-generative businesses that offer compelling value, particularly through identified international growth opportunities. While maintaining a primary focus on pan-European and transatlantic businesses, Rhône expects to build on its experience in other international markets to opportunistically consider investments in companies with significant operations outside Europe and North America. In addition, Rhône may expand its review of investment opportunities to include those within the investment mandate of the JV Funds.

All investing involves a risk of loss. An investment in a Fund may be deemed a speculative investment, is not intended as a complete investment program and may result in a partial or total loss of capital. It is designed for sophisticated investors who fully understand, and are capable of evaluating the merits and risks of an investment in a Fund and bearing the associated risk of an investment. Further, it is not anticipated that there will be an active secondary market for Fund interests, and it is not expected that such a market will develop. In general, withdrawals of capital from the Funds are not permitted and interests are not redeemable. No guarantee or representation is made that a Fund's investment objectives will be achieved or that investors will receive a return of their capital. Performance could be negatively affected by a number of risks.

The following risk factors are generally applicable to the Funds:

No Assurance of Portfolio Investment Return; Market Risks

A Fund may enter into high-risk investment opportunities. A Fund's investment portfolio may 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. Portfolio companies or other opportunities in which a Fund invests may not achieve their expected operational objectives and may

experience substantial fluctuations in their operating results. A Fund will be subject to the risks associated with the underlying businesses engaged in by portfolio companies, including changes in the financial condition of the businesses, their prospects, regulatory environment, general economic and political conditions as well as market conditions, the loss of key management personnel, and other factors. There is no assurance that the relevant general partner will be able to generate returns for a Fund's investors or that returns will be commensurate with the risks of investing directly in the portfolio companies or other opportunity. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment. There can be no assurance that any Fund's investment objective will be achieved, or that any limited partner will receive a return on its capital or a return of any capital contributed to any Fund.

Illiquid and Long-Term Investments

Investment in a Fund requires a long-term commitment, with no certainty of return and should be viewed as an illiquid investment. It is not anticipated that there will be an active secondary market for Fund interests, and it is not expected that such a market will develop. In general, withdrawals of capital from the Funds are not permitted and interests are not redeemable. Many of a Fund's investments will be highly illiquid, and there can be no assurance that such Fund will be able to realize such investments in a timely manner or at all. Although certain investments by a Fund may generate current income, the return of capital and the realization of gains to such Fund and its partners, if any, from an investment generally will occur only upon the partial or complete disposition of such investment. Losses on unsuccessful investments may be realized before gains on successful investments are realized. In some cases a Fund may be prohibited by contract from selling certain securities for a period of time. In addition, there can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions in the amounts necessary for its limited partners to pay all tax liabilities resulting from such limited partners' ownership of limited partner interests.

Restricted Nature of Investment Positions

Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to a Fund's partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to a Fund's partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the relevant Fund's constituent documents, including the value used to determine the amount of carried interest available to such Fund's general partner with respect to such investment.

No Market or Liquidity for Interests in a Fund; Restrictions on Transfers

The interests in a Fund have not been, and will not be, registered under the Securities Act, the securities laws of any state thereof or the securities laws of any other jurisdiction, and, therefore, cannot be resold unless an exemption from registration is available. There is no public market for

the interests in any Fund, and one is not expected to develop. In addition, it is not anticipated that there will be an active secondary market for Fund interests, and it is not expected that such a market will develop. In general, withdrawals of capital from the Funds are not permitted and interests are not redeemable.

Unspecified Investments

At the time a limited partner decides to invest in a Fund, such Fund's general partner typically will not yet have selected any of the investments that such Fund will make. Purchasers of interests in a Fund will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by such Fund in the future and, accordingly, will be dependent upon the judgment and ability of the relevant general partner in investing and managing the capital of such Fund.

Highly Competitive Market for Investment Opportunities

The activity of identifying, buying and selling private equity investments is highly competitive, involves a high degree of uncertainty, and is subject in some cases to the prevailing capital market, regulatory or political environment. A Fund may encounter competition from other similarly focused funds formed before or after the establishment of such Fund. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience and greater financial resources than a Fund, the relevant general partner or its affiliates. There can be no assurance that a Fund will be able to locate and complete portfolio investments which satisfy such Fund's rate of return objectives or is reflective of its values or that it will be able to invest fully its committed capital. However, unless otherwise agreed in a Fund's constituent documents, until a Fund's commitment period is terminated, limited partners will be required to pay the management fee based on the entire amount of their respective commitments. To the extent that a general partner encounters competition for investments, returns realized by the relevant Fund's limited partners from the relevant Fund may be lower than expected.

Leveraged Investments

The Funds may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a 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 such 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 its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency. Certain Funds also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. The Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by a general partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

Bridge Investments

Any Fund may provide bridge financing in connection with one or more of its investments. Such a Fund will bear risk of any changes in capital markets, which may adversely affect the ability of a portfolio company to refinance any such investments. If a portfolio company were unable to complete a refinancing, the relevant Fund could have a long-term investment in a junior security or that junior security might be converted to equity.

Investment in Less Established Companies

In addition to investing in established companies, a Fund may invest a portion of its assets in the securities of smaller, less established companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. The securities of such companies may be subject to more abrupt and erratic market price movements than larger, more established companies, since trading volumes for their securities are generally quite low. Less established companies tend to have a lower capitalization and fewer resources and, therefore, are often more vulnerable to financial failure. In addition, such companies may not be profitable at the time of investment and may experience substantial fluctuations in their operating results. The success of such companies may also depend on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would adversely affect their businesses. Such companies may also have shorter operating histories on which to judge future performance. Rhône and/or its affiliates have not established any minimum size for the companies in which the Funds will invest.

Risks in Successfully Implementing Operating Improvements

The activity of identifying and implementing potential operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Funds will be

able to successfully identify and implement such improvements. Failure to successfully implement such improvements may adversely affect the performance of portfolio companies and, as a result, the business and performance of the Funds.

Risks Arising from Provision of Managerial Assistance

The general partner of any Fund generally expects to obtain the right to participate substantially in the conduct of the management of many of the portfolio companies of the Funds. The general partners typically will designate directors who serve on the boards of directors of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of a Fund to claims by a portfolio company, its security holders and its creditors, including claims that a Fund is a controlling person and thus liable for corporate or securities laws violations by a portfolio company. These measures also could result in certain liabilities in the event of bankruptcy or reorganization of a portfolio company, could result in claims against a Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care and applicable corporate or securities laws, environmental laws or other legal principles, and could expose a Fund to claims that it has interfered in management to the detriment of a portfolio company. While the general partners intend to operate the Funds in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Minority Investments; Investments with Third Parties in Joint Ventures, Partnerships and Other Entities

Any Fund may make minority equity investments in entities where such Fund does not participate in the management or otherwise control or influence the business or affairs of such entities. Accordingly, the success or failure of those entities will depend to a significant extent on their management. In addition, a Fund may make co-investments, partner or “club” with third parties through special purpose vehicles, partnerships, joint ventures or other entities, and, as a result, could acquire non-controlling interests in certain portfolio companies. Because a Fund may not have control over these companies, it may have a limited ability to protect its investment. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties which negatively affect such investment, may have economic or business interests or goals which are inconsistent with those of the relevant Fund, or may be in a position to take (or block) action in a manner contrary to such Fund’s investment objectives or narrow the array of potential exit strategies for such Fund. In addition, a Fund may in certain circumstances be liable for the actions of its third party partners or co-investors. Investments made with third parties in joint ventures or other entities may involve fees payable to such third-party partners or co-investors.

Lack of Unilateral Control

Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, as described above, the relevant portfolio company may be influenced by persons who have economic or business interests, investment or

operational goals, tax strategies or other considerations that differ from or are inconsistent with those of such Fund or its limited partners. Such third parties may be in a position to take action contrary to such Fund's business, tax or other interests, and such Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

Investments in Restructurings

A general partner may cause the relevant Fund to make investments in restructurings involving portfolio companies that are experiencing or are expected to experience financial difficulties, which may never be overcome. Such investments could, in certain circumstances, subject the relevant Fund to certain additional potential liabilities that may exceed the value of such Fund's original investment in the portfolio company. In addition, certain of such Fund's investments may become subject to the applicable bankruptcy, insolvency, creditors' rights or similar laws. In such situations, such Fund's investments are subject to the risk that a bankruptcy, insolvency or similar filing may adversely and permanently impact the value of an investment and that high administrative costs may impair the value of the investments. For example, in certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Fund and distributions by its general partner out of the assets of such Fund to the limited partners may be reclaimed if any such payment of distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Reorganization Proceedings

A Fund's investments may include companies involved in reorganization proceedings. Such investments typically entail a number of risks that do not normally apply to investments in other companies. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the general partners will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the relevant Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested. A wide variety of considerations make any evaluation of the outcome of an investment in such a company uncertain. Such considerations include, for example, inaccurate or dated financial information, competing interests or litigation among the participants in a reorganization or liquidation proceeding, the requirements to obtain mandatory or discretionary consents from various governmental authorities or others, the determinations of a particular judge in a court of equity, the deterioration of an operating business during a traumatic episode in the company's operating history, and uncertainty regarding the amount of administrative costs that might be incurred in a reorganization proceeding. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations that limit a general partner's access to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of a reorganization or liquidation proceeding.

Currency

The functional currency of many of the Funds is the euro. In such cases, the investors in such Funds will bear the expense of funding their obligations to the relevant Fund in euros and will bear the risk of changes in the exchange rate between the euro and the U.S. dollar, regardless of whether an investor makes contributions to a Fund in euros or U.S. dollars.

Non-U.S. Investments

Depending on the availability of investment opportunities and the economic climate, some of the Funds intend to invest a significant portion of their capital in portfolio companies located primarily in Europe and/or in euro denominated securities. Because investments in non-euro issues may involve non-euro currencies and because a Fund may temporarily hold funds in bank deposits in such currencies during the completion of investment programs, such Fund may be affected favorably or unfavorably by changes in currency rates and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies. In addition, because companies in certain jurisdictions are not subject to highly stringent or uniform accounting, auditing, and financial reporting standards, practices and requirements, the types of information available about such companies may be different from and of lower quality than information available in certain other jurisdictions. With respect to certain countries, there may be the possibility of expropriation or confiscatory taxation, political or social instability, limitation on the removal of funds or other assets or repatriation of profits, U.S. and foreign withholding taxes, import duties or other protectionist measures, or diplomatic developments which could affect a Fund's investments in those countries.

The recent European sovereign debt crisis and the decision by voters in the United Kingdom to exit the European Union has raised questions concerning the continued viability of the Eurozone's single currency and increased the risk of a possible failure of the euro. Europe is experiencing increasing challenges as a result of certain member-countries' financial difficulties and the uncertainty around their fiscal and monetary policy direction. Volatility in the currency markets may result in a Fund's investment portfolio incurring higher costs and may adversely impact the profitability and cash flows from operations of its portfolio companies.

In connection with its non-euro investments, a Fund may (but is not required to) employ hedging techniques to reduce a portion of the risks related to fluctuations in foreign currencies. To the extent unhedged, the value of the non-euro investments in euros will fluctuate with euro exchange rates. Furthermore, while a Fund may benefit from the use of futures and options on futures, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in poorer overall performance for such Fund than if it had not entered into any futures contracts or options transactions. In the event of an imperfect correlation between a futures position and portfolio positions which is intended to be protected, the desired protection may not be obtained, and the relevant Fund may be exposed to risk of loss. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-euro currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Moreover, currency hedging

instruments may not be available in certain currencies with a duration that matches the long-term nature of the underlying principal investment.

Follow-on Investments

Following a Fund's initial investment in a portfolio company, the relevant general partners may have the opportunity to increase such Fund's investment in such portfolio company or may decide or be asked to provide additional funds to such portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make such follow-on investments or that a Fund will have sufficient funds to make such investments. Any decisions by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may result in missed opportunities for such Fund (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Limited Diversification; Risk of Limited Number of Portfolio Investments

A Fund may only participate in a limited number of investments in one industry or one industry segment or within a short period of time; consequently, the aggregate return on a limited partner's investment in a Fund may be substantially adversely affected by the unfavorable performance of even a single investment or of a particular industry. Other than as set forth in the constituent documents, limited partners have no assurance as to the degree of diversification in a Fund's investments. In addition, in transactions where a general partner intends to refinance all or a portion of the capital invested, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the relevant Fund having an unintended long-term investment and/or reduced diversification. To the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

Furthermore, a limited partner's participation in investments may be limited by virtue of the relevant general partner's right to exclude a limited partner from participating in any investment if such general partner determines in its discretion that such participation might otherwise have certain materially adverse effects on a portfolio company or the relevant Fund.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes

There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse effect on a Fund's activities, including the ability of a Fund to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2008 downturn in the United States and global financial markets, may complicate or prevent the Funds' efforts to consummate investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

Additionally, Congress has recently considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of a partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the commencement of any Fund, could adversely affect Rhône's senior professionals, employees or other individuals associated with the Funds, the managers or the general partners who were or may in the future be granted direct or indirect interests in the general partners entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from the Funds and the general partners, which could make it more difficult for the general partners and their affiliates to incentivize, attract and retain individuals to perform services for the Funds.

Moreover, legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds, their portfolio companies or partners. 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. The Funds may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. The general partners cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can they predict what effect such legislation or regulation might have. Failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects.

Assumption of Contingent Liabilities

In connection with an investment, the Funds may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations or environmental actions, among other things. To the extent that these liabilities are realized or a Fund is unable to negotiate or collect on any indemnification relating thereto, they may materially adversely affect the value of a portfolio company. In addition, if a Fund has assumed or guaranteed these liabilities, the obligation would

be payable from the assets of such Fund, including the unfunded commitments of limited partners. To the extent that the assets of such Fund are inadequate to meet such liabilities, limited partners may be required to return to such Fund amounts previously distributed to them to meet such liabilities.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. A Fund also may be required to indemnify the purchasers of such investment to the extent that any such representation turns out to be inaccurate or for other matters. These arrangements or other circumstances may result in contingent liabilities, which might ultimately have to be funded by the partners making contributions in respect of such liabilities out of previous distributions from the relevant Fund, or for which the Fund's general partner may establish reserves or escrow accounts.

Limitation of Recourse and Indemnification

The constituent documents of the Funds will limit the circumstances under which the general partners and their affiliates will be held liable to the Funds. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the constituent documents will provide that the Funds will indemnify the general partners and their affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to limited partners. The indemnification obligation of the limited partners would be payable from the assets of the relevant Fund(s), including the unfunded commitments of the limited partners. To the extent that the assets of a Fund are inadequate to meet such indemnification obligation or following the dissolution of such Fund, limited partners may be required to return to such Fund amounts previously distributed to them to meet such indemnification obligation.

Subordination

The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and thus will typically be subordinated to the senior obligations of a portfolio company, including those which may be held by limited partners, the general partners or their affiliates, all or a significant portion of which may be secured. Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of such portfolio company. Generally, there will be no collateral to protect a Fund's investment once made. Adverse changes in the financial condition of a portfolio company or in general economic conditions or both may impair the ability of such portfolio company to make payments on the subordinated securities and result in defaults on such securities more quickly than in the case of the senior obligations of such portfolio company.

Reliance on General Partners

The Funds are dependent on their general partners. The Funds will be managed and controlled exclusively by the general partners, and the limited partners will not make decisions with respect to the acquisition, management, disposition or other realization of any investment, or other decisions regarding the relevant Fund's business and affairs. The limited partners will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by the general partners in their selection of investments, nor to receive the detailed financial information issued by portfolio companies that is available to the general partners. Limited partners must rely entirely on the general partners to conduct and manage the affairs of the Funds. The general partners will be solely responsible for making all investment decisions on behalf of the Funds, and each Fund's future profitability will depend largely upon the business and investment acumen of the relevant general partner's principals. There is no assurance that the principals or other key members of the management of the general partners will continue to be affiliated with the general partners for any period. The loss or reduction of service of one or more of a general partner's principals could have an adverse effect on the relevant Fund's ability to realize its investment objectives. In addition, the general partners' principals currently, and may in the future, manage other investment funds besides the Funds and the principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of such principals. In addition, certain changes in a general partner or circumstances relating to a general partner may have an adverse effect on the relevant Fund(s) or one or more of their portfolio companies, including potential acceleration of debt facilities.

Uncertainty of Targeted or Projected Returns

The Funds will normally make investments based on estimates or projections of internal rates of return and current returns prepared by the target company's management (with adjustments to such projections and partnership estimates made by the general partners in their discretion), which in turn are based on, among other considerations, assumptions regarding the performance of the portfolio companies and the manner and timing of dispositions, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on such projections and estimates and, accordingly, the actual rate of return received upon a Fund's investments. The Funds may make investments that may have different degrees of associated risk. In considering the performance information received from the general partners, prospective investors should bear in mind that past, targeted or projected performance is not necessarily indicative of future results, and there can be no assurance that targeted or projected returns will be achieved, that the Funds will achieve comparable results or that a Fund will be able to implement its investment strategy or achieve its investment objectives.

Reliance on Portfolio Company Management

Although the general partners will monitor the performance of each investment, the Funds will necessarily rely on management to operate the portfolio companies on a day-to-day basis. While the general partners intend to cause the Funds to invest primarily in companies with proven

operating management teams or expect to put such management in place, there can be no assurance that such management will continue to operate successfully.

Director Liability

A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from such Fund's investment activities.

Litigation

In the ordinary course of its business, the Funds, their general partners, or any of their portfolio companies may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of a general partner's and/or general partner principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Risks Associated with Publicly-Traded Securities

A Fund's portfolio may contain securities and debt issued by publicly held companies. A Fund's investments in securities of publicly-traded companies may be sensitive to movements in the stock market and trends in the overall economy. Moreover, the ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise. In addition, such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the relevant Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the general partners' principals, and increased costs associated with each of the aforementioned risks.

Recourse to a Fund's Assets

A Fund's assets, including any investments made by such Fund and any funds held by such Fund, are available to satisfy all liabilities and other obligations of such Fund. If a Fund becomes subject to a liability, parties seeking to have that liability satisfied may have recourse to such Fund's assets generally and not be limited to a specific asset. Accordingly, a limited partner could find its interest in a Fund's assets adversely affected by a liability arising out of a single investment, even if the limited partner did not participate in such investment because, for example, such limited partner was excused from such investment.

Defaulting Limited Partners; Default by Co-investors; Consequences for Fund

The constituent documents provide for significant adverse consequences in the event a limited partner defaults on its commitment or any other specified obligation in the constituent documents. In addition to losing its right to potential distributions from the relevant Fund, in the discretion of such Fund's general partner, a defaulting limited partner may be assessed a reduction of its invested capital in each then-outstanding investment. Unless the relevant general partner elects to terminate a defaulting partner's unused commitment, the defaulting partner will continue to remain obligated to make capital contributions as required by such general partner up to the full amount of its unused commitment.

If a limited partner fails to pay when due installments of its commitment to a Fund, or if a co-investor investing in a proposed investment alongside a Fund fails to pay amounts such co-investor agreed to invest when due, and the capital contributions made by non-defaulting limited partners or other co-investors and borrowings by such Fund are inadequate to cover the defaulted capital contribution, such Fund may be unable to make an investment or pay its obligations when due. As a result, such Fund may be materially adversely affected and may be subjected to significant penalties that could negatively affect the returns to the limited partners (including non-defaulting limited partners).

Uncertain Economic, Social and Political Environment

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

Diverse Membership

The limited partners of the Funds are expected to include persons and entities resident or organized in various jurisdictions, including North and South American, Asian, Middle Eastern and European countries and Australia and New Zealand, who may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments, the purchase by a Fund of assets from a portfolio company where certain limited partners did not participate in a Fund's investment in such portfolio company, and the timing or structuring of the disposition of

investments. As a consequence, conflicts of interest may arise in connection with decisions made by the general partners, including with respect to the nature of structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. Investors in the Funds will include managing directors and other employees of Rhône or its affiliates, the majority of whom are individuals subject to taxation in the United States. In selecting and structuring investments appropriate for the Funds, the general partners will not consider the individual investment, tax or other objectives of any limited partner; however, certain investors in a Fund, either directly through a Fund or indirectly through limited partnership interests in a general partner, such as investment professionals and other employees of Rhône, may have a disproportionate influence over the relevant Fund either due to the size of their commitment to such Fund, or their participation in the management of the relevant general partner.

Material Non-Public Information

As a result of the operations of Rhône and its affiliates, Rhône frequently comes into possession of confidential or material non-public information. Therefore, Rhône and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Rhône's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Valuation of Investments

Generally, the relevant general partner will determine the value of all of a Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each general partner will determine the value of all of a Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant general partner will have all of the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a general partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such general partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Cybersecurity Risks

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Rhône or one of its service providers holding its financial or investor data, Rhône, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks.

Conflicts of Interest

Rhône and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own accounts and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. Rhône will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by each Fund's private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Rhône conducting its activities, the interests of a Fund may conflict with the interests of Rhône, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Rhône will determine all matters relating to structuring transactions and Fund operations using its best judgment and considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

Any of the following situations subjects Rhône and/or its affiliates to potential conflicts of interest. Rhône attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Rhône to investors in investment vehicles managed by it, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Rhône will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary and appropriate, Rhône consults and receives consent to conflicts from an advisory board consisting of limited partners of the relevant Fund or other investment vehicle.

Senior Advisors, Operating Executives and the Operations Group. As described above, portfolio companies and, in some cases, the Funds, typically pay certain fees to other companies

and individuals, which may be affiliates of Rhône, employees of Rhône or one of its affiliates, portfolio companies of other Funds managed by Rhône or its affiliates, third party consultants (including individual members of the Operations Group, consultants and external executives), “operating partners”, “strategic partners”, “executive partners” or “senior advisors” (collectively, “Special Consultants”). Special Consultants may be engaged to provide services to, or in connection with, any Fund in relation to its activities or one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies. Special Consultants make use of Rhône resources or otherwise are associated with Rhône. If not an employee of Rhône or one of its subsidiaries, Special Consultants are not subject to the restrictions on other employees, members, managers, partners of Rhône or any of its affiliates such as conflicts of interest, allocation of investment opportunities, and formation of other vehicles.

Rhône and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. As further discussed under Item 5 - “Fees and Compensation,” Special Consultants generally receive investment opportunities, reimbursements and other compensation that will not offset any management or monitoring fees payable by any Fund. Although the use of Special Consultants and the allocation of compensation paid to them by Rhône, its affiliates and/or the portfolio companies, subjects Rhône and/or its affiliates to potential conflicts of interest, Rhône believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Special Consultant is lower than market rates for the services provided and/or if the services of the Special Consultant align with Rhône’s model for the portfolio company and improve portfolio company performance. Although Rhône seeks to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Rhône also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Rhône believes will align such persons’ interests with those of the Funds’ limited partners, and seeks to retain Special Consultants and service providers that it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service providers would be more qualified to provide the applicable services or could provide such services at lesser cost.

Other Activities of Rhône and its Affiliates. Rhône and its members and affiliates provide a variety of services, including management and consulting services to the Funds, their general partners and other affiliated investment vehicles through arrangements between Rhône, the general partner of each Fund and the other entities managing affiliated investment vehicles. Because of the activities in which Rhône and its officers, directors, managers, employees and agents may engage, certain conflicts of interest may arise, including in the allocation of management resources. Certain people may be unable to commit the amount of time to any Fund and its related portfolio companies that they might otherwise be able to commit in the absence of such conflicts. In addition, Rhône, its personnel, the general partner of each Fund and their affiliates currently hold, and are expected to continue to hold, interests in, and to form, manage

and advise other investment vehicles that may have objectives similar, in whole or in part, to any particular Fund.

Subject to the terms and conditions of their then-existing obligations, Rhône and its affiliates may also enter into or engage in new businesses not currently conducted by them. Additional conflicts of interest may arise as a result of these new lines of businesses that cannot be anticipated at this time. In addition, these additional responsibilities may further limit the ability of Rhône and its personnel to dedicate the necessary resources to any Fund and its portfolio companies.

General Partner's Profit Participation. The existence of the right of the general partner of any Fund to receive a performance allocation may create an incentive for such general partner to make riskier or more speculative investments on behalf of a Fund than would be the case in the absence of this arrangement. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair value of such property as determined by the general partner of such Fund in its discretion. An independent appraisal will not be required and is not expected to be obtained.

Investments in which the General Partner of a Fund or its Affiliates Have a Different Principal Investment. Subject to certain restrictions contained in the constituent documents of a Fund, investment funds that may be formed or managed by Rhône or its affiliates may invest in companies or other entities in which a Fund has an investment, or a Fund may make investments in portfolio companies partially owned by other investment vehicles managed by Rhône or its affiliates. In such situations, a Fund and such other investment funds affiliated with Rhône or its affiliates may have conflicting interests (*e.g.*, over the terms, exit strategies and related matters including the exercise of remedies of their respective investments). Furthermore, to the extent that a Fund holds interests that are different (or more or less senior) than those held by such other vehicles, Rhône or its affiliates may be presented with decisions involving circumstances where the interests of such vehicles are in conflict with those of such Fund.

Co-investment by Rhône and Its Affiliates. Under certain circumstances, the partners, members, employees and managers of Rhône and its affiliates will be permitted to make co-investments with or through a Fund on terms that are not available to its other investors Fund generally. In addition, Rhône and its affiliates may negotiate for and retain certain carried interest or other incentive fees from co-investors in entities in which a Fund invests.

Allocation of Investment Opportunities Among Funds and to Co-Investors. During the commitment period of a Fund, all appropriate investment opportunities will be pursued by Rhône and its affiliates through such Fund or an established employee co-investment vehicle established to invest alongside such Fund, subject to certain limited exceptions. Without limitation, Rhône and its affiliates currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investments as opposed to a particular Fund. Rhône and its affiliates, including its investment staff, will continue to manage and monitor such investments until their realization. Such other investments that Rhône and its affiliates may control or manage may potentially compete with companies acquired by a Fund. Following the

commitment period of a Fund, Rhône and its affiliates may, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, subsequent to allocations to unaffiliated co-investors that Rhône determines may bring strategic benefits or value to the investment opportunity, Rhône will be presented with investment opportunities that would be suitable not only for a particular Fund, but also for other Funds and other investment vehicles managed by affiliates of Rhône. In determining which investment vehicles should participate in such investment opportunities, Rhône and its affiliates are subject to conflicts of interest among investors in such investment vehicles. Investments by more than one client of Rhône in a portfolio company may also raise the risk of using assets of a client of Rhône to support positions taken by other clients of Rhône.

Rhône must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Rhône generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's constituent documents, as well as factors including, but not limited to, investment restrictions and objectives (including those set forth in the relevant Fund's constituent documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, lifecycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund may invest together with other Funds advised by an affiliated adviser of Rhône or controlled by an affiliate of Rhône in the manner set forth in the relevant Fund's constituent documents. Rhône will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with Rhône's obligations and may take into consideration factors such as those set forth above.

Following such determination of allocation among Funds, Rhône will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the Funds' constituent documents, side letters or other similar agreement ("Side Letters"), if applicable, and Rhône's procedures regarding allocation. Rhône believes it has an obligation to provide priority co-investment allocation to certain investors before offering to other potential co-investors. In allocating co-investment opportunities beyond these priority allocations, and if necessary among investors to whom Rhône has granted priority, Rhône's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to the following considerations: expressed interest in co-investment opportunities; potential efficiencies and timing considerations in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; the size of the investment opportunity and related equity commitment requirements; the role, if any, of the relevant prospective co-investor in making the investment opportunity available for the relevant Fund; any benefit to the relevant Fund of having the co-investor actively involved in an investment opportunity after it is made; the structure of the co-investment opportunity; potential or perceived public relations and reputational benefits or costs; whether Rhône believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships

that have the potential to provide longer-term benefits to the relevant Funds or Rhône; the sophistication and investment history of a potential co-investor (including ability to move in a timely manner); and other factors considered relevant by Rhône. Subject to the limitations set forth in a Fund's private placement or confidential offering memorandum, subscription materials and constituent documents, in each case, as amended or supplemented from time to time, Rhône or the applicable general partner shall have the right, but not the obligation, to allocate such opportunity for its own account or the account of one or more third parties. Rhône may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Decisions regarding whether and to whom to offer co-investment opportunities may be made by Rhône or its affiliates in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Rhône investors. When and to the extent that employees and related persons of Rhône and its affiliates make capital investments in or alongside certain Funds, Rhône and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would be as favorable as it would have been had such conflict not existed.

Rhône's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Rhône will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Rhône may be subject, discussed herein, did not exist.

In certain cases, Rhône will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Fund's constituent documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Rhône will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant Fund's constituent documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

When multiple Funds invest in the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts to arise in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy,

and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Rhône in its sole discretion, taking into consideration the remaining life of a particular Fund and as well as remaining capital commitments, among other things. Because of the different legal rights associated with debt and equity of the same portfolio company, Rhône may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable general partner(s) are expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement, if not otherwise addressed by the constituent documents of such Funds. In administering, or seeking to reinforce, these agreements, Rhône may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. Rhône intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Rhône and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts, there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Allocation of Fees and Expenses. Subject to any relevant restrictions or other limitations contained in the constituent documents of the Funds, Rhône will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Rhône may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Rhône or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any

such determinations involve inherent matters of discretion (e.g., in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size). The Funds have different expense reimbursement terms, including with respect to management fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

Right to Appoint Portfolio Company Board Members. As a result of the Funds' controlling interests in portfolio companies, Rhône and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Rhône personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Rhône and/or its affiliates. Such amounts will be in addition to any management fees or performance-based allocation paid by a Fund to Rhône, but subject to any limitations set forth in a particular Fund's private placement or confidential offering memorandum, subscription materials and constituent documents of each Fund, in each case, as amended or supplemented from time to time.

Reimbursement of Expenses. A portfolio company typically will reimburse Rhône or service providers retained at Rhône's discretion for expenses (including without limitation travel expenses) incurred by Rhône or such service providers in connection with its performance of services for such portfolio company. This subjects Rhône and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. As Rhône will typically have a controlling interest in its portfolio companies, Rhône has significant ability to determine the amount of these reimbursements sought in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is indirectly reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Rhône or such service providers generally is subject to agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Recommendation of Service Providers. Rhône generally exercises its discretion to recommend to a Fund or to one of its portfolio companies that it contract for services with (i) Rhône or a related person of Rhône (which may include a portfolio company of such Fund), (ii) an entity with which Rhône or its affiliates or current or former members of their personnel has a relationship or from which Rhône or its affiliates or their personnel otherwise derive financial or other benefit or (iii) certain limited partners or their affiliates. For example, Rhône may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related businesses. This discretion subjects Rhône to conflicts of interest, because although Rhône selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Rhône may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Rhône, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or

cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Rhône), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Rhône has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. In addition, because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Rhône as noted above, are reimbursed by a Fund and/or its portfolio companies, Rhône will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Transactions Between Funds. Although uncommon, from time to time Rhône may cause a Fund to enter into a transaction whereby such Fund purchases securities from, or sells securities to, other Funds managed by Rhône, or co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represents what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' constituent documents or otherwise in the sole discretion of Rhône, Rhône may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board) to such transactions. In certain circumstances, Rhône may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to a Fund under then-current market conditions. Rhône intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Cross-Fund Guarantees. Although Rhône generally structures Funds to avoid cross-guarantees and other circumstances in which one fund entity bears liability for all or part of the obligations of another fund entity, in certain circumstances lenders and other market parties negotiate for the right to face only select fund entities, which may result in a single fund entity being solely liable for other fund entities' share of the relevant obligation and/or joint and several liability among fund entities. In each such case, Rhône intends to cause the relevant other fund entities to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the fund entity undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Pre-existing Relationships. Rhône and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Rhône and/or its affiliates; conversely, former personnel or executives of Rhône and/or its affiliates may serve in significant management roles at portfolio

companies or service providers recommended by Rhône. Similarly, Rhône, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Rhône and/or its affiliates, and/or the Funds or other investment vehicles they advise. Rhône may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Rhône information about markets and industries in which Rhône operates (or is contemplating operations) or will provide other services that are beneficial to Rhône. Rhône may have a conflict of interest in making such recommendations, in that Rhône has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Investments by Rhône's Related Persons. Rhône and its affiliates as well as equity holders, officers, principals and employees of Rhône and its affiliates may buy or sell securities or other instruments that Rhône has recommended to a Fund. In addition, Rhône and its affiliates as well as equity holders, officers, principals and employees of Rhône may buy securities in transactions offered to, but rejected by, a Fund. Such transactions are subject to the policies and procedures set forth in the Code of Ethics adopted by Rhône and any restrictions in the relevant Fund's constituent documents. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Rhône have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Diversity of Investors in a Fund. Investors in a particular Fund may, and are generally expected to include, persons and entities resident or organized in various jurisdictions, including the North and South American, Asian, Middle Eastern and European countries and Australia and New Zealand, who may have conflicting investment, tax and other interests with respect to their investments in any particular Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by such Fund, the structuring of the acquisition of investments, the purchase by such Fund of assets from a portfolio company where certain investors did not participate in such Fund's investment in such portfolio company, and the timing or structuring of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by Rhône or its affiliates, including with respect to the nature of structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. Investors in any particular Fund will include partners, members, employees and managers of Rhône or its affiliates, the majority of whom are individuals subject to taxation in the United States. In

selecting and structuring investments appropriate for any particular Fund, its general partner will not consider the individual investment, tax or other objectives of any investor; however, certain investors in such Fund, either directly through its interest in such Fund or indirectly through limited partnership interests in such general partner, such as investment professionals and other employees of Rhône, may have a disproportionate influence over such Fund either due to the size of their commitment or their participation in the management of such general partner.

Side Letters. Rhône and/or its affiliates may enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Discount Programs. Rhône anticipates that it may in the future institute a program under which portfolio companies owned by the Funds would be given the option to participate in purchasing, vendor or similar arrangements with Rhône, its affiliates and/or other portfolio companies. Program participants would expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. Rhône would expect to allocate any costs for such program among the relevant portfolio companies. Rhône and its affiliates also would be permitted to participate in such program in exchange for an allocable portion of any such costs, and receive similar benefits and discounts as the portfolio companies participating therein. No such amounts would result in additional offsets to the management fee. Rhône believes the potential for conflicts relating to such arrangements would be mitigated by the anticipated cost savings to portfolio companies (which would be expected to be to the benefit of the applicable Fund(s)) that would result if the negotiated rates for goods and services were discounted relative to those widely available in the market.

“Friends and Family” Discounts. From time to time Rhône, its affiliates and personnel and persons selected by them expect to receive the benefit of “friends and family” and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates.

The risks and conflicts of interest identified above do not provide a complete explanation of the risks and conflicts of interest associated with an investment in the Funds. Prior to making a commitment to invest in a Fund, investors should carefully read the private placement or confidential offering memorandum, subscription materials and constituent documents of that Fund, in each case, as amended or supplemented from time to time, and consult with their own financial, legal and tax advisers.

ITEM 9

Disciplinary Information

There are no legal or disciplinary events required to be disclosed pursuant to this Item.

ITEM 10

Other Financial Industry Activities and Affiliations

RGA

A subsidiary of the Company, Rhône Group Advisors LLC (“RGA”), is a broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority (“FINRA”). However, neither Rhône nor any of its members, managers or employees currently has a relationship that is material to Rhône’s advisory business with a related person that is a broker-dealer, including RGA. As discussed below under Item 12 – “Brokerage Practices”, portfolio transactions on behalf of the Funds are executed by unaffiliated brokers selected by Rhône in its sole discretion.

Luperca

A subsidiary of the Company, Luperca Management C.V., a *commanditaire vennootschap* organized under the laws of the Netherlands (“Luperca”), serves as an investment manager to the JV Funds, which are organized under the laws of the Netherlands, and their respective alternative investment vehicles and special purpose vehicles (collectively, the “Dutch Funds”). The Dutch Funds are private investment funds whose principal investor is a sophisticated financial institution. As an affiliated advisor of Rhône, Luperca intends to conduct its activities in accordance with the Advisers Act and the rules thereunder. Any person acting on behalf of Luperca is and shall be subject to the supervision and control of Rhône. Luperca is relying on Rhône’s registration under the Advisers Act and is not filing its own Form ADV.

General Partners of Funds

The Funds are managed by general partner entities which are affiliates of Rhône (the “GP Entities”). While the GP Entities are not separately registered as investment advisers with the SEC, their advisory activities are subject to the Advisers Act, and such entities are subject to examination by the SEC. In addition, any person acting on behalf of the GP Entities is and shall be subject to the supervision and control of Rhône.

Certain inherent conflicts of interest arise from the following circumstances: (1) Rhône will provide advisory services to more than one Fund and (2) the Funds may have one or more overlapping investment objectives. The Funds may have similar investment strategies and participation in specific investment opportunities may be appropriate for more than one Fund. In such cases, participation in investment opportunities will be allocated pursuant to Rhône’s policies and procedures established to allocate investment opportunities among its Funds. Please see Item 8 – “Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest” for additional information and disclosure on these matters.

From time to time, Rhône may acquire securities or other financial instruments of an issuer for one Fund that are senior or junior securities, or financial instruments of the same issuer that are held by, or acquired for, another Fund (*e.g.*, one Fund may acquire an equity position in a portfolio company while another Fund may acquire mezzanine debt). For example, in the event such issuer enters bankruptcy, the Fund holding securities that are senior in bankruptcy preference may have the right to aggressively pursue the issuer’s assets to fully satisfy the issuer’s indebtedness to the Fund, and as a fiduciary, Rhône would have an obligation to pursue such remedy on behalf of the

Fund. As a result, a Fund holding assets of the same issuer that are more junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss. Rhône recognizes that conflicts may arise under such circumstances and will endeavor to treat all Funds fairly and equitably. To that end, Rhône has adopted procedures that are designed to enable it to address such conflicts and to ensure that the Funds are treated fairly and equitably. Please see Item 4 – “Advisory Business” and Item 8 – “Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest” for additional information and disclosure on these matters.

ITEM 11

Code of Ethics, Participation or Interest in Client Transactions, Personal Trading

Rhône has adopted a Code of Ethics, which is predicated on the principle that Rhône owes a fiduciary duty to its clients. The Code of Ethics applies to all managers, members, principals and supervised persons of Rhône. The Code of Ethics imposes restrictions and safeguards on the use of material, non-public information, and all managing directors and employees of Rhône must comply with the Company’s insider trading policy. As a general matter, Company employees are not permitted to purchase or sell securities held by the Funds, or which are under active consideration for investment or divestiture by the Funds, except at the same time and on the same terms as the Funds. In addition, all managing directors and employees of Rhône are required to submit securities holdings and transaction reports to the Company’s Chief Compliance Officer on a periodic basis.

Investors and prospective investors may obtain a copy of the Company’s Code of Ethics by contacting the Chief Compliance Officer by email at info@rhonegroup.com.

In addition, partners, members, managers and employees of Rhône and its affiliates may, and do, directly or indirectly own an interest in one or more Funds, including 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 a Fund. Co-invest opportunities may also be presented to certain affiliates of Rhône, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Consequently, Rhône, its partners, members, managers and employees and certain of its related persons participate in transactions effected for clients of Rhône. In addition, partners, members, managers and employees of Rhône currently do, and may in the future, receive directors’ fees for serving on the board of directors of a portfolio company, which may be retained in whole or in part by Rhône, subject to credits to any management and monitoring fees in accordance with the relevant constituent documents of a Fund. Please see Item 4 – “Advisory Business” and Item 8 – “Methods of Analysis, Investment Strategies and Risk of Loss – Conflicts of Interest” for additional information and disclosure on these matters.

All partners, members, managers and employees of Rhône and its affiliates are required to comply with applicable federal securities laws at all times.

The foregoing relationships and any other actual or potential conflicts of interest relating to an investment in a Fund are disclosed in more detail in the relevant private placement or confidential offering memorandum, subscription materials and constituent documents of each Fund, in each case, as amended or supplemented from time to time.

ITEM 12

Brokerage Practices

Given the Company's strategy of investing primarily in private equity assets, Rhône executes very few direct securities transactions on behalf of the Funds. However, in the event of a securities transaction, Rhône is authorized to determine the broker or dealer to be used in its sole discretion. In selecting brokers or dealers to execute transactions, the Company seeks to obtain best execution and minimize trade costs and the risks of trade errors. In selecting a broker to execute client transactions, Rhône may consider a variety of factors, including the following: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Rhône does not have any soft dollar arrangements with broker-dealers, nor does the Company select broker-dealers in exchange for client or investor referrals.

ITEM 13

Review of Accounts

All investments are carefully reviewed and approved by the Investment Committee of such Fund. Investments in portfolio companies are reviewed and monitored on a continuous basis. As such, Rhône investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook, and other issues related to current portfolio holdings and potential investment opportunities.

The Funds generally deliver information to their investors on a quarterly basis. The information provided to each investor is in line with the requirements of the Funds' applicable constituent documents and generally includes the following information: (1) quarterly investor summaries; (2) a portfolio summary; and (3) unaudited financial statements. On an annual basis, investors receive audited financial statements of the applicable Fund as well as certain tax information.

ITEM 14

Client Referrals and Other Compensation

No third party provides economic benefits to Rhône for investment advice or other advisory services provided by such third party to Rhône clients.

Rhône has historically engaged, and may engage or cause the Funds to engage in the future, placement agents to market and sell interests in the Funds to prospective investors. Rhône requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of FINRA.

ITEM 15 Custody

In connection with the management of investments for certain clients, Rhône may have, or may be deemed to have, custody of certain funds or securities of its clients. Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions).

With the exception of certain assets, which are defined as “privately offered securities” per the Custody Rule, all Fund assets are held in custody by unaffiliated broker-dealers or banks acting in the capacity as “qualified custodians”. With respect to certain Funds, Rhône may be deemed to have custody of its funds or securities, and with respect to other Funds, the Fund’s general partner may be deemed to have custody of its funds or securities. Rhône has developed procedures that ensure the safeguarding and protection of the assets. Such procedures include, among other things, the separation of functions and multiple approvals for the distribution of Fund capital.

The Funds are subject to an annual audit performed by a nationally recognized public accounting firm and the audited financial statements are distributed to each investor.

ITEM 16 Investment Discretion

In accordance with the terms and conditions of the relevant private placement or confidential offering memorandum, subscription materials and constituent documents of each Fund, in each case, as amended or supplemented from time to time, the general partner of each Fund generally has full discretionary authority to determine, without obtaining consent from investors in such Fund, the investments to be bought or sold on behalf of the Funds.

ITEM 17 Voting Client Securities

As a general matter, clients of Rhône vote proxies on their own behalf. However, because Rhône could be deemed to have authority to vote proxies relating to the companies in which its Funds invest, Rhône has taken steps to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, “proxies”) is exercised in a manner that serves the best interest of its clients, as determined by Rhône (or the relevant general partner) in its sole discretion. In circumstances where no conflict of interest exists, client proxies are voted in accordance with the recommendation made by the client’s representative on the company’s board of directors.

From time to time, conflicts may arise between the interests of the investor in a Fund, on the one hand, and the interests of Rhône or its affiliates, on the other hand. If Rhône determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Rhône will address

matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. Rhône, in its sole discretion, may elect not to vote a proxy if unduly burdensome. In the event of a material conflict of interest, the matter in question may be presented to the advisory board of a Fund, as applicable, in accordance with terms of that Fund's constituent documents.

Investors in a Fund may not direct how any interests in a company held by a Fund may be voted.

Investors may obtain a copy of our policies and procedures relating to proxy voting as well as a record of the proxy votes made in respect of assets held by the Funds by emailing the Chief Compliance Officer at info@rhonegroup.com or by writing to the address listed on the cover page of this brochure.

ITEM 18

Financial Information

Rhône does not require prepayment of management fees six months or more in advance. Rhône has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to meet any contractual obligations to its clients.