



**The Vistria Group, LP**

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December 6, 2018

Part 2A of Form ADV: Firm Brochure

This brochure provides information about the qualifications and business practices of The Vistria Group, LP. If you have any questions about the contents of this brochure, please contact Thomas Duffy, Chief Compliance Officer, at 312-626-1100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Vistria Group, LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2. Material Changes**

This Part 2A of Form ADV, dated December 6, 2018, serves as an update to the Vistria Group, LP's prior Part 2A of Form ADV, dated March 30, 2018. This Part 2A of Form ADV contains certain updates regarding conflicts of interest in Item 11.

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## **ITEM 4. ADVISORY BUSINESS**

### **Advisory Firm Description**

The Vistria Group, LP (“Vistria” or the “Firm”) has been in business since February 11, 2013. Harreld N. Kirkpatrick III and Martin H. Nesbitt are the principal owners of the Firm. As used in this brochure, “we,” “us” and “our” refer to Vistria and its investment advisory business, including the affiliates that serve as the general partners of Vistria’s client advised funds. Vistria is a registered investment adviser and the affiliated general partners are registered as investment advisers in accordance with SEC guidance under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

### **Types of Advisory Services**

Vistria provides investment supervisory services on a discretionary basis to affiliated private equity investment funds. Currently, the Firm provides investment supervisory services to two private equity funds: Vistria Fund, LP (“Fund I”) and Vistria Fund II, LP (“Fund II”). Each of Fund I and Fund II is also referred to as a “Fund.”

Each Fund will seek long-term capital appreciation by making privately-negotiated equity and equity-related investments in growth-oriented middle market companies, primarily based in the United States, operating in the education, financial services, or healthcare industries. Investment advisory services provided to a Fund include: (1) establishing the Fund’s investment objectives; (2) buying, managing and selling investments on behalf of the Fund; and (3) periodically reporting to each of the Fund’s investors in accordance with the Fund’s limited partnership agreement. In addition, Vistria had organized a co-investment vehicle in 2016 for participation in a deal alongside Fund I in a particular portfolio company investment in the educational services industry (the “2016 Co-Invest Vehicle”). That portfolio company was restructured into U.S. and non-U.S. assets in 2018. In anticipation of that restructuring, Vistria organized a co-investment vehicle in 2017 to invest in the non-U.S. assets of that portfolio company post-restructuring (the “2017 Co-Invest Vehicle,” together with the 2016 Co-Invest Vehicle, the “Co-Invest Vehicles”).

Each Fund is exempt from registration as an “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the regulations promulgated thereunder. Interests in a Fund are offered only to qualified investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions, typically institutional investors and eligible high-net-worth individuals. The relationship between Vistria and a Fund is governed by the Advisers Act and the regulations promulgated thereunder, as well as the governing documents of the Fund and the terms of the investment advisory agreement concluded between Vistria and the Fund.

### **Tailored Advisory Services**

Vistria tailors its advisory services to the investment strategies, specific terms and conditions of a Fund, as described in its offering documents, including the private placement memorandum (“PPM”) and partnership agreement of the Fund client. Vistria, and Vistria executives serving on the investment committee of a Fund, will strictly adhere to the investment strategies and restrictions set forth in the Fund’s limited partnership agreement. Investors in the Fund are generally expected to participate in the overall investment program for the Fund, although they may be excused from a particular investment due to legal, regulatory or other applicable constraints.

A Fund's limited partnership agreement includes restrictions on investing in certain instruments or types of assets or debt, including concentration limits and asset class restrictions. Please refer to the Fund's limited partnership agreement and/or other offering materials for specific information.

### **Wrap Fee Programs**

Vistria does not participate in wrap fee programs.

### **Client Assets Under Management**

As of December 31, 2017, the Firm had approximately \$1,567,034,364 in discretionary assets under management. As of December 31, 2017, the Firm did not manage any client assets on a non-discretionary basis.

## **ITEM 5. FEES AND COMPENSATION**

### **Fees**

Vistria and its affiliates typically receive compensation from clients based on a percentage of assets managed, and compensation based on performance, referred to below as "carried interest."

As a client of Vistria, a Fund pays a management fee (a "Management Fee") to Vistria or its designated affiliate, payable quarterly in advance. Management fees are paid by the Fund from its available assets and from capital contributions made by limited partners, and such fees are deducted directly from each limited partner's capital account. Generally, fees are not negotiable.

Our compensation is subject to waiver and reduction. Affiliates and professionals of Vistria may invest in a Fund and other investment vehicles advised by us. Generally, our principals, employees and affiliates are not subject to management fees or carried interest on their direct or indirect investment in our client funds.

This brochure will be delivered only to "qualified purchasers" as defined in the Investment Company Act. Accordingly, no fee table is included in this brochure.

### **Carried Interest**

Vistria, or an affiliate, will receive a "carried interest" or performance-based allocation as compensation from its clients, typically 20% of profits, subject to a clawback obligation and a "preferred return" which must be met before the allocation is applied to profits. This is assessed periodically according to a client's governing documents and paid by a Fund as a distribution of available assets. All such performance-based arrangements are intended to comply with Rule 205-3 under the Advisers Act.

### **Other Fees and Expenses**

In addition to management fees and performance allocations (which are discussed above), a Fund may pay additional amounts to Vistria and/or its affiliates (e.g., the Fund's general partner) in connection with Vistria's advisory services. The enumerated list below is detailed, but does not encompass all possible expenses of a Fund or additional client funds advised in the future. The expenses summarized below are set forth in more detail in the Fund offering documents:

(i) organizational and offering expenses of the Fund, which may be subject to maximum amounts stated in the applicable offering documents and particular terms as to the payment of expenses in excess of these maximums;

(ii) all out-of-pocket expenses that are not reimbursed by portfolio companies incurred in connection with the sourcing, investigation, identification, analysis, development, pursuit, negotiation, structuring, making, monitoring, holding, management, sale or proposed sale of any actual or proposed Fund investment (including, without limitation, due diligence expenses, fees and expenses of lawyers, accountants, consultants, administrators, custodians, advisors and other professionals, private placement fees, brokerage fees, commissions, custody expenses and other similar expenses), and including any such expenses associated with proposed investments that are ultimately not made by the Fund;

(iii) routine expenses of the Fund, including legal, auditing, consulting and financing fees, insurance, out-of-pocket expenses associated with preparing the Fund's financial statements, valuation, tax returns and Schedule K-1s (including the audit and certification fees and the costs of printing and distributing reports to investors), any taxes imposed on the Fund, fees or other governmental charges levied against the Fund, out-of-pocket and legal and other advisory expenses of the advisory committee members and expenses of holding annual meetings of limited partners;

(iv) all litigation-related and indemnification expenses; and

(v) fees and expenses of placement agents (which fees and expenses will be offset dollar-for-dollar against management fees).

Given the nature of the Fund investment programs, Vistria has not historically, and does not expect to in the future, transact through broker-dealers. Therefore, investors in a Fund do not generally incur brokerage costs. A discussion of Vistria's brokerage practices may be found below under Brokerage Practices.

### **Refunds**

Each Fund pays its Management Fee quarterly in advance to Vistria. Thus, if Vistria's investment advisory services were terminated prior to the completion of a period, Vistria would return to the Fund any paid but unearned portion of the Management Fee, pro rated from the date of termination to the end of the period to which the advance fee applied.

### **Compensation for Sale of Securities**

Neither Vistria nor its supervised persons receives any transaction-based compensation for the sale of securities or other investment products.

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

In some situations, a Vistria affiliate will charge a performance allocation or similar compensation mechanism (e.g., "carried interest" subject to a clawback obligation). All such performance allocation arrangements are intended to comply with Rule 205-3 under the Advisers Act. This compensation is paid by a Fund as a distribution of available assets.

Performance allocation arrangements may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities, or to make riskier or more

speculative investments on behalf of a client fund than would be the case in the absence of such compensation arrangement. However, the substantial commitment of capital by Vistria's executives to Funds I and II. Further, Vistria recognizes its responsibility as a fiduciary to treat each client fairly.

Although Vistria has a similar fee structure for all investment partnerships, certain Vistria-affiliated limited partners in the Fund are charged discounted fees. Vistria does not favor higher paying investors over those paying lower or different fees. Under no circumstances may we or any of our affiliates allocate investment opportunities based on anticipated compensation or profits to Vistria or any of its affiliates or employees.

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

Vistria provides investment advisory services to private equity funds.

The minimum investment required of limited partners in a Fund is \$10,000,000. The General Partner of a Fund reserves the right to waive or lower this minimum in its discretion, and has done so for a number of limited partners. Vistria offers interests in a Fund solely to qualified purchasers, as defined under the Investment Company Act and guidance related thereto, with firm executives also participating in the Fund in some circumstances as 'knowledgeable employees.'

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

### **Methods of Analysis**

Each Fund will seek long-term capital appreciation by making privately-negotiated equity and equity-related investments in middle market companies, primarily based in the United States, operating in the education, financial services, or healthcare industries (collectively, the "Targeted Industries"). "Top-down" industry analysis is conducted in which sub-segments for investment focus are selected by detailed examination of each Targeted Industry. Vistria utilizes the extensive industry expertise of its supervised persons and their relationships with key persons in the targeted industries to evaluate and investigate the fundamentals of investment prospects.

Vistria's approach to portfolio monitoring and development requires a close working relationship with senior management of portfolio companies of the Fund, a clear blueprint for such portfolio companies' growth and, frequently, an incentive plan to ensure the organization's commitment to success. Working together with portfolio company management, Vistria expects to create value through reviewing capital investments, redirecting capital spending and operating priorities as necessary, optimizing asset portfolios through acquisitions and divestitures, adopting cost management efforts, adding appropriate personnel, or completing value-creating acquisitions.

### **Investment Strategies**

#### **Middle Market Focused**

Each Fund primarily seeks equity investments in companies with revenues that generally range from \$25 million to \$500 million and with EBITDA between \$10 million and \$50 million. Each Fund focuses on companies and investments in this middle market range due to: (i) the large number and diversity of companies of this size; (ii) more favorable transaction dynamics due to fewer competing sources of capital; (iii) lower acquisition multiples; and (iv) the opportunity to work with management teams to accelerate a portfolio company's growth trajectory through Vistria's

active involvement. The Firm believes that there is a significant opportunity to help middle market companies achieve transformational growth in the Targeted Industries and thereby maximize expected returns for investors.

### Targeted Industries

The Targeted Industries consist of a wide variety of different sub-segments. As each sub-segment uses its own differentiated business model and customer base, Vistria believes it will be able to assemble a diversified investment portfolio within each Targeted Industry. Furthermore, many companies in the education and healthcare sectors are non-cyclical and can, if structured properly, continue to expand through low-growth economic periods. Each Fund does not intend to invest in development stage businesses.

Investments in the Targeted Industries may include acquisitions of subsidiaries or non-core business units from conglomerates, recapitalizations of founder-managed entities and management-led purchases of, and investments in, independent businesses. In completing change of control and recapitalization transactions, Vistria intends to partner with experienced management teams and create value by growing cash flow through the implementation of strategic and operational initiatives. Vistria intends to act as lead or co-lead in due diligence and investment structuring and to acquire board (or comparable) representation in each portfolio company of the Fund.

Vistria's investment process includes the following four stages: (i) Deal Generation; (ii) Disciplined Valuation and Due Diligence; (iii) Post-Investment Value Addition; and (iv) Identification and Execution of an Exit. During each stage of the investment cycle, an investment will be managed by at least two Vistria supervised persons.

### **Risk of Loss**

Vistria does not guarantee the future performance of a Fund or any other future client, or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm's overall management of the Fund. Potential investors should understand that investment decisions made for the Fund by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. Investors are reminded that investing in any security, such as the securities of a Fund, entails risk of loss which they should be willing to bear.

Each Fund will engage in transactions that involve substantial risks and are suitable only for those investors who have the financial sophistication and expertise to understand and accept such risks, and the financial ability to bear the related risk of loss. The following explanation of certain risks is not exhaustive, but rather highlights the significant risks involved in our investment strategies. Additional risks specific to a Fund are set forth in its offering materials, which are provided to each investor prior to investing in the Fund.

- ***Lack of Operating History of Vistria and Fund.*** Each Fund consists of one or more newly formed entities that have only recently commenced operations and therefore, have limited operating history upon which prospective investors may evaluate its performance or upon which an investor can base its prediction of future success or failure. The performance of prior investment entities associated with the Principals or Vistria is not necessarily indicative of a Fund's future results. While each General Partner intends for the applicable Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be



achieved or that the Fund will not incur significant losses. The loss of each Limited Partner's entire principal is possible.

- ***Dependence on Key Personnel.*** The success of a Fund is dependent in large part upon the skill and expertise of the key executives and top investment professionals of Vistria. There can be no assurance that such key executives and top investment professionals will continue to be associated with Vistria throughout the life of the Fund. Were the services of certain of Vistria investment professionals to become unavailable, the effect on the Fund could be material and adverse. In order to maintain their limited liability status under applicable Delaware law with respect to the liabilities and obligations of the Fund, Limited Partners are expected to rely entirely on the General Partner and Vistria to conduct and manage, respectively, the affairs of the Fund.
- ***Long-Term Nature of Investment; Illiquidity.*** An investment in a Fund represents a long-term commitment, with no certainty of return. Generally, a Fund's investments will be illiquid, and there can be no assurance that the Fund will be able to realize on such investments in a timely manner or at all. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Limited Partners. In addition, there may be little or no near-term cash flow available to the investors. A Fund typically will acquire securities that cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or in a private placement or other transaction exempt from registration under the 1933 Act and that complies with any applicable non-U.S. securities laws. In addition, in some cases, a Fund may be prohibited or limited by contract from selling certain investments for a period of time, and, as a result, may not be permitted to sell an investment as a time it might otherwise desire to do so.
- ***Competitive Market for Investment Opportunities.*** The activity of identifying, structuring, completing and realizing attractive private equity transactions is highly competitive and involves a high degree of uncertainty. A Fund could be competing for investments with private equity funds, hedge funds, strategic investors, financial institutions, large and well-capitalized industrial groups, commercial, investment and merchant banks, or other investors, and certain of these competitors could have larger capital pools or superior access to investment opportunities. The availability of, and competition for, investment opportunities will depend on, among other things, financial, market, business and economic conditions. Additionally, competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available and adversely affecting the terms upon which investments can be made. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will be required to pay annual Management Fees during the first phase of the Fund's lifecycle on the entire amount of their Commitments.
- ***Resource and Time-Intensive Strategy.*** Vistria's investment strategy is resource-intensive and time-intensive. This aspect of its strategy constrains a Fund's ability to include a large number of significant investments in its portfolio and necessarily limits the amount of due diligence and research which can be completed on any given proposed investment.
- ***Limited Number of Investments; Lack of Diversity.*** A Fund will participate in a limited number of investments and intends to make most of its investments in only three industries. As a result, the Fund's investment portfolio will be highly concentrated, and the adverse

performance of a single portfolio company may substantially affect overall returns to the Fund and its investors. Furthermore, to the extent that aggregate capital commitments to the Fund do not reach the targeted amount, the Fund may invest in fewer portfolio companies and operate with less diversification than expected.

- ***Valuation of Investment Opportunities.*** A Fund may make investments relying upon projections developed by Vistria or a portfolio company concerning such company's future performance and cash flow. Projections are inherently uncertain and subject to factors beyond the control of Vistria and the company in question. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could impair the ability of a portfolio company to realize projected values and/or cash flow.
- ***Investment in Junior Securities.*** The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investment in a portfolio company.
- ***Investment in Highly Regulated Industries.*** Businesses in the education, financial services and healthcare industries are under close and frequently changing regulation, regulatory and legislative oversight, and governmental agency scrutiny. Significant segments of the industries the Fund expects to target are, and are expected increasingly to be, highly regulated at both the state and federal levels in the United States, and internationally. In addition, various legislative proposals related to the aforementioned industries are introduced from time to time at the federal and state level, and any such proposals, if adopted, could have a significant adverse impact on the education, financial services and healthcare industries. Policy changes on the federal level resulting from the outcome of the 2016 U.S. Federal elections could significantly impact these industries, the economy and the geopolitical landscape. If a portfolio company fails to comply with the regulatory requirements for its business, it could face significant monetary liabilities, fines and penalties, as well as reputational damage, which would have a significant adverse effect on the operating results of the portfolio company. These include:
  - ***Financial Services Industry.*** Recent developments in the U.S. financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty for the financial services industry. These developments have heightened the risks associated with the investment activities and operations of investment funds, and regulatory changes that may have an adverse effect on investment funds generally, and in particular, on a Fund's ability to achieve its investment objective. U.S. and foreign governmental action concerning the recent instability in the world financial markets could have a significant impact on the financial services industry or other industries generally including in respect of the Dodd-Frank Act. Financial sector companies are expected to face further increased regulation as a result of current and future governmental initiatives intended to provide economic stimulus, financial market stability and enhanced regulation of financial services companies and to enhance the liquidity and solvency of financial institutions and markets. To the extent a Fund invests in any banks directly, many banks expect in many cases more intense scrutiny from bank supervisors in the examination process and more aggressive enforcement of laws and regulations on both the federal and state levels. Compliance with regulations and other supervisory initiatives will likely increase portfolio company costs and

reduce revenue, and may limit the ability to pursue certain desirable business opportunities. Portfolio companies in the financial sectors must expend efforts to comply with these new regulations, and requirements have resulted in, and are likely to continue to result in, an increase in expenses and a diversion of management's time from other business activities.

- ***Healthcare Industry.*** The healthcare industry is subject to extensive regulation and oversight by state, federal and international governmental authorities. The laws and rules governing the healthcare industry and interpretations of those laws and rules are subject to frequent change. For example, in the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010, (collectively, the "Health Reform Legislation"), were signed into law, legislating broad-based changes to the U.S. healthcare system. Further, subsequent to the 2016 U.S. Federal elections, there is greater expectation of significant and ongoing change. The broad latitude that is given to the agencies administering regulations governing the healthcare industry, as well as future laws and rules, and interpretation and enforcement of those laws and rules by governmental enforcement authorities, could force portfolio companies to change how they do business, restrict revenue and growth, and increase liability in federal and state courts for coverage determinations, contract interpretation and other actions. In sum, the Health Reform Legislation alters the regulatory environment for the healthcare industry. Federal and state governments continue to enact and consider various legislative and regulatory proposals that could materially impact certain aspects of the healthcare system. New laws, regulations and rules, or changes in the interpretation of existing laws, regulations and rules, as well as a result of changes in the political climate, could adversely affect the business of portfolio companies in the healthcare sector.
- ***Education Sector.*** The tertiary for-profit education sector, while growing rapidly, has been increasingly subjected to extensive U.S. federal and state regulation. The principal federal regulatory regime is established under the Higher Education Act of 1965, as it is amended and reauthorized from time to time, and the regulations promulgated under the Act by the U.S. Department of Education. Among other matters, these regulations govern participation by universities in federal student financial aid programs under Title IV of the Higher Education Act ("Title IV"), which is the principal source of funding for students at these universities. Companies in this sector generally collect the substantial majority of their total consolidated net revenue from receipt of Title IV financial aid program funds. Neither portfolio companies nor Vistria can predict how the regulations and requirements administered by federal and state educational supervision agencies will be applied or interpreted in the future, or whether compliance with any future changes will be possible. This can lead to significantly adverse impacts upon a portfolio company, thus impairing returns to a Fund.
- ***Uncertain Exit Strategies.*** Due to the illiquid nature of the investments which a Fund expects to make, Vistria is unable to predict with confidence what, if any, exit strategy will ultimately be available for any given investment position. Exit strategies which appear to be viable when an investment is initiated may be precluded when the investment is deemed to be ready for realization due to economic, legal, political or other factors. The larger the transaction, the more uncertain the Fund's exit strategy tends to become, which increases risk to the Fund's total returns and success.

- ***Accuracy of Third Party Information; Financial Fraud.*** Investments for a Fund may be selected, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Vistria by third parties. Although Vistria will evaluate all such information and data and will ordinarily seek independent corroboration when it considers it is appropriate and when such corroboration is reasonably available, Vistria may not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available. Further, information and data provided by portfolio companies and the senior management thereof cannot be guaranteed to be accurate. Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Fund invests may undermine Vistria's due diligence efforts with respect to such companies and, if such fraud is discovered, negatively affect the valuation of the Fund's investments.
- ***Global Economic Conditions; Market Dislocation.*** General economic conditions may affect a Fund's activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other investors in the financial markets may affect the value of investments made by the Fund. Instability in the securities markets may increase the risks inherent in portfolio investments made by the Fund. Any national or international economic downturn could adversely affect the financial resources of the Fund's portfolio companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, the Fund could lose both invested capital in and anticipated profits from such portfolio companies. In addition, current economic conditions may materially and adversely affect (i) the ability or willingness of certain counterparties to do business with the Fund or its affiliates; (ii) demand for the products and services offered by the Fund's portfolio companies; (iii) growth opportunities for the Fund's investments; (iv) the Fund's ability to exit its investments at desired times, on favorable terms or at all; (v) availability of reliable insurance on favorable terms or at all; and (vi) the ability of the Fund's investors to meet their obligations to the Fund in a timely manner or at all

In considering an investment in a Fund, prospective investors should consult their independent legal, tax, financial and other advisors should be aware of certain considerations and risk factors as listed above and in the PPM of the Fund. This document is not a public offer for investment in a Fund or any other future client of Vistria.

## **ITEM 9. DISCIPLINARY INFORMATION**

There have been no disciplinary actions against Vistria or any of its management persons.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Broker-Dealer**

Neither Vistria nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker dealer.

### **Futures and Commodity Trading**

Neither Vistria nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

### **Material Relationships**

Vistria GP I, LP, a Delaware limited partnership, is the general partner of Fund I, and an affiliate of and under common control with The Vistria Group, LP. It is also an investment adviser registered in accordance with SEC guidance under the Advisers Act pursuant to the registration of The Vistria Group, LP.

Vistria GP II, LP, a Delaware limited partnership, is the general partner of Fund II, and an affiliate of and under common control with The Vistria Group, LP. It is also an investment adviser registered in accordance with SEC guidance under the Advisers Act pursuant to the registration of The Vistria Group, LP.

Vistria-AEG GP, LLC, a Delaware limited partnership, is the general partner of each Co-Invest Vehicle, and an affiliate of and under common control with The Vistria Group, LP. It is also an investment adviser registered in accordance with SEC guidance under the Advisers Act pursuant to the registration of The Vistria Group, LP.

Vistria GP I, LP, Vistria GP II, LP, Vistria-AEG GP, LLC, and The Vistria Group, LP operate as a single advisory business, and share common owners, officers, partners, employees, consultants or persons occupying similar positions. The Vistria Group, LP and the general partners are under ultimate common control and both are subject to The Vistria Group, LP's code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

### **Other Investment Advisers**

Vistria does not recommend or select other investment advisers for its clients.

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

### **Code of Ethics**

Vistria has adopted a Code of Ethics, which consists of policies and procedures reasonably designed to ensure compliance by Vistria and its personnel with the Advisers Act and its rules and regulations, and to reflect the Firm's fiduciary duties to its clients. The Code of Ethics describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect clients: misuse of confidential information; outside business activities; and personal securities trading. Failure to uphold the Code of Ethics may result in disciplinary sanctions against employees, including termination of employment with the Firm.

Clients and prospective clients and investors in a Fund may request a copy of the Code of Ethics by contacting Thomas Duffy, Chief Compliance Officer, at 312-626-1100 or [tduffy@vistria.com](mailto:tduffy@vistria.com).

As a fiduciary, Vistria must act in its clients' best interests. In other words, Vistria employees may not benefit at the expense of clients. To that end, Vistria employees must follow basic principles guiding all aspects of the Firm's business, as set forth in the Code of Ethics:

- Investors' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and investors as well as between Firm employees and investors.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to investors.
- The Firm and its employees must always comply with all applicable securities laws.
- Vistria employees and control persons must certify annually that they have read and agree to comply in all respects with the Code of Ethics and that they have disclosed or reported all personal securities transactions, holdings and accounts required to be disclosed or reported by the Code of Ethics.

#### *Misuse of Nonpublic Information*

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades or recommending clients' securities trades.

#### *Personal Securities Trading*

Vistria has adopted policies and procedures in its Code of Ethics to counter any potential misuse of confidential non-public information by its employees. Vistria's personal securities trading policies are designed to ensure that its employees do not purchase or sell any security while in possession of material, non-public information regarding the security, whether or not this information was obtained in the course of employment. Vistria employees also may not discuss material, non-public information with anyone outside of our firm and our affiliates.

Vistria's Chief Compliance Officer will maintain a list (the "Restricted List") of securities for which Vistria or its personnel have received information that may be deemed to be material and non-public. All Vistria employees must report to the Chief Compliance Officer securities for which they know that they, or the firm as a whole, are in possession of material non-public information. Vistria prohibits its employees from trading in such securities. In addition, prior to investing in shares of initial public offerings or private placements, an employee must first pre-clear the trade with the Chief Compliance Officer. Subject to certain exceptions, Vistria also prohibits its employees from investing "away" from a particular client in investments that could be substantially identical to investments that the client would make during a commitment period.

All Vistria employees are required to submit reports of personal securities trades on a quarterly basis and of their securities holdings on an annual basis. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies. The only types of securities for which these periodic reports are not required are government obligations, money market funds, mutual funds, and a limited number of other exempted categories. Further, personal accounts over which an employee has no direct or indirect control are not included in this reporting.

### *Outside Business Activities*

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with the interests of a Fund, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

In connection with the foregoing reporting and disclosure obligations, Harreld Kirkpatrick III and Martin Nesbitt are members of an unaffiliated investment manager that manages a private fund, and Mr. Kirkpatrick serves as a member of a portfolio advisory committee that provides advice in connection with such private fund. In their capacity as members of the unaffiliated manager, Mr. Kirkpatrick and Mr. Nesbitt will be entitled to receive a portion of carried interest, if any, that is made by such private fund. Mr. Kirkpatrick, Mr. Nesbitt and other owners, officers or employees of Vistria may in the future provide advice to or otherwise engage in activities on behalf of other unaffiliated investment managers or other financial industry participants, and may receive compensation in connection with such activities, provided that any such activities will only be engaged in consistent with the governing agreements of each Fund, including with respect to any notice or consent provisions as applicable.

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

Vistria will comply with restrictions provided in the applicable governing agreement of a Fund relating to principal transactions or other affiliated transactions, in which Vistria or its personnel may have interests that are not aligned with the interests of its client, the Fund.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser acts as broker for both the advisory client and for another person on the other side of the transaction. Vistria is not a registered broker-dealer, and is not controlled by, under common control with, or otherwise affiliated with a registered broker-dealer; thus, the potential conflict of interest created by agency cross transactions is mitigated.

It is Vistria policy not to execute any principal transactions for client accounts unless the investor advisory committee of a Fund deems the transaction to be in the best interest of the Fund, the CCO and the Fund itself give prior consent, and the transaction complies with SEC requirements.

## **ITEM 12. BROKERAGE PRACTICES**

### **Selection of Brokers**

Because Vistria provides advice to private equity funds, and investments are made on a negotiated basis, opportunities for trade executions are rare. However, in the event of a Fund investment in which public securities were purchased or sold, Vistria anticipates trading such public securities through a broker providing a supply of securities of interest to the relevant Fund clients.

Vistria's policy is to attempt to obtain the "best execution" for all such transactions by the Funds. Vistria will use its best judgment to select a broker-dealer most capable of providing "best execution" on an overall basis in the purchase or sale of a publicly-traded security on behalf of a Fund. When evaluating broker-dealers for a transaction, Vistria executives will note that "best execution" does not mean the lowest dollar cost. "Best execution" is the execution of a trade at the most favorable net price, taking into account all reasonably relevant circumstances, and with a view to the maximization of value, broadly, of the Fund on behalf of which the trade is made. In selecting a broker to execute client transactions, Vistria will consider a variety of factors, including, among other things: (i) execution capabilities with respect to the relevant type of order, including the ability of the broker to provide an adequate supply of the security; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information

### **Research and Other Soft-Dollar Benefits**

Vistria may receive from broker-dealers products or services which are used solely for investment research. In such circumstances, Vistria would make a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portion of the costs of such products or services attributable to research usage may be defrayed by Vistria through directing brokerage commissions generated by client transactions (soft dollars). This may be done without prior agreement or understanding by the Fund (and done at Vistria's discretion). The portion of the costs attributable to non-research usage of such products or services would be paid by Vistria in hard dollars. To the extent Vistria were to use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Vistria would be receiving a benefit by not producing or paying for the research, products or services. In such circumstances, Vistria might have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the client's interest in receiving most favorable execution. At present, Vistria has not acquired any products or services with client brokerage commissions (or markups or markdowns) and does not have any agreements in place that would require that it give any specified amount of brokerage to any broker-dealer.

### **Brokerage for Investor Referrals**

To the extent that the Firm or its affiliate selects or recommends a broker-dealer for a Fund investment, neither considers whether the broker-dealer has referred investors to invest in a Fund. That said, the Firm and its affiliates may have an incentive to select or recommend a broker-dealer based on their interest in receiving investor referrals rather than on a Fund's interest in receiving most favorable execution.

### **Directed Brokerage**

Because its clients are private investment funds, Vistria selects all broker-dealers and any of our clients do not and will not direct brokerage. The broker-dealer Vistria selects may not always be the lowest cost broker-dealer, but as noted above, we seek "best execution" for each transaction.

### **Aggregation**

To the extent that Fund I and Fund II participate in the same investment opportunity, the Firm would aggregate the trades if that aggregation would result in lower execution costs for the participating Funds. That said, the Funds rarely co-invest in investment opportunities, if ever, through which discernible execution costs are borne (*e.g.*, commissions).



### **ITEM 13. REVIEW OF ACCOUNTS**

Vistria's investment professionals review the operations of a Fund, and will review the operations of any future clients, on a periodic basis. The Firm regularly makes available to each investor in a Fund, in accordance with the partnership agreement, written reports containing (i) annual audited financial statements, (ii) quarterly unaudited estimates of the Fund's investment performance and (iii) quarterly unaudited estimates of the balance of each investor's capital account in the Fund. Vistria may provide investors with more frequent reports. There are no specific triggers to launch a portfolio review on a non-periodic basis.

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

#### **Non-Client Benefits**

Vistria does not receive economic benefits from persons who are not clients for providing investment advice or advisory services to its clients. Vistria may, on occasion, receive management fees, monitoring fees, transaction fees or similar fees, or reimbursements of certain expenses, from portfolio companies in which a Fund has invested. To address this potential conflict, a certain portion of these fees may offset the Management Fees otherwise payable by investors in the Fund, on a dollar-for-dollar basis. Fees or compensation paid to Vistria's outside advisors by a portfolio company will not be considered as part of such fees and will not be used to offset the Management Fee. These potential fee arrangements are disclosed in private materials for the Fund.

#### **Client Referrals and Compensation**

Vistria has entered into arrangements in which registered broker-dealers will assist in the capital raising efforts of a Fund in exchange for a fee (such person, a "placement agent"). For Fund II, Vistria has engaged the placement agents of Lazard Freres and Morgan Stanley. The fee paid to the placement agents may be calculated as a percentage of funds raised by the placement agent, as specifically negotiated between Vistria and the placement agents.

### **ITEM 15. CUSTODY**

Due to Vistria's access to the accounts of its Fund clients, and authority to deduct fees and other expenses from such accounts, and services provided by a Vistria affiliate as general partner to each Fund, we are deemed under Rule 206(4)-2 of the Advisers Act to have custody of our clients' funds.

We utilize the services of a bank or other qualified custodian (as defined under Rule 206(4)-2) to hold all assets of any of our client, the Fund, upon receipt, as applicable under the Rule. We will ensure that the qualified custodian maintains these funds in accounts that contain only the Fund's assets and securities, under our name as agent or trustee for the Fund. To hold the privately issued securities of portfolio companies owned by the Fund, which are in each case non-transferrable and electronic, we rely on the guidance provided by the SEC Staff in August 2013.

While Rule 206(4)-2 generally requires an investment adviser to ensure that a qualified custodian sends account statements to clients at least quarterly, we are not subject to this requirement because our Fund clients are private equity funds subject to audit annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. We then distribute audited financial statements to all Fund limited partners within 120 days of the end of its fiscal year.

## **ITEM 16. INVESTMENT DISCRETION**

The Firm has discretionary authority to select and manage investments in a Fund as described in the Fund documents.

The authority to deduct fees, performance allocations and/or make distributions from the accounts are granted in a Fund's governing documents, including the execution of a power of attorney by each Fund investor in order to participate in the Fund. A Fund's governing documents limit Vistria's discretionary authority to manage the Fund's investment portfolio within the parameters set forth in the Fund's limited partnership agreement.

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

Although Vistria's investment program generally does not include holding and voting publicly-traded securities, Vistria may be presented with the responsibility to vote proxies for certain securities held by a Fund. Voting decisions may involve Vistria personnel that are also active in the management of clients' investment portfolios. To the extent Vistria exercises or is deemed to be exercising voting authority of client securities, it will vote those securities in accordance with its proxy voting policy.

It is Vistria's policy to vote proxy proposals, amendments, consents or resolutions in the best interests of a Fund, taking into account relevant short-term and long-term factors, including (i) the impact on the value of the returns of the Fund; (ii) the alignment of portfolio company management's interest with the Fund's interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the Fund and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; and (iv) industry and business practice.

In all circumstances, Vistria will seek to avoid material conflicts of interest between Vistria's interests and the interests of the Fund. If Vistria determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Vistria will address matters involving such conflict of interest in the following manner: (i) If the proxy vote would be against Vistria's own interest in the matter (i.e., against the perceived or actual conflict), then Vistria may vote such proxy as it determines to be in the best interest of the Fund without taking any action described further herein, other than memorializing the rationale of such proxy vote in writing; or (ii) If Vistria believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then Vistria must take action in accordance with the Fund's governing documents or as otherwise determined to be in the best interest of the Fund in voting such proxy.

Vistria's proxy guidelines require the CCO or his designee to review all proxies related to a Fund's publicly-traded securities prior to submission, and thus Vistria will ensure that it or an affiliate is the designated party to receive proxy voting materials from portfolio companies or intermediaries. The CCO coordinates the receipt of each proxy, the communication of the votes to third parties, and the maintenance of all supporting documentation. Vistria's CCO will maintain written or electronic copies of each proxy statement received and of each executed proxy, including for at least two years in Vistria's offices and an additional three years in an easily accessible off-site location, in the case of a publicly traded security. Fund investors may receive a copy of Vistria's proxy policies and procedures at any time upon request to 312-626-1100.

#### **ITEM 18. FINANCIAL INFORMATION**

The instruction to include a balance sheet for Vistria's most recent fiscal year is not applicable to us, as we do not require or solicit prepayment of fees six months in advance.

There is no financial condition that is reasonably likely to impair the Firm's ability to meet its contractual commitments to its clients.

Vistria has never been the subject of a bankruptcy petition.

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

This Item is not applicable to Vistria, as it is not registered with any state securities authority.