

# SOUNDCORE

## CAPITAL PARTNERS

600 Madison Avenue  
20<sup>th</sup> Floor  
New York, NY 10022

Contact: Arthur Zuckerman  
Email: [info@soundddcorecap.com](mailto:info@soundddcorecap.com)  
Telephone: (212) 812-1180

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This Brochure provides information about the qualifications and business practices of Soundcore Capital Partners, LLC (“Soundcore”). If you have any questions about the contents of this Brochure, please contact us at (212) 812-1180 or [info@soundddcorecap.com](mailto:info@soundddcorecap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Soundcore is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Soundcore is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

As this is the initial filing of Soundcore’s brochure (the “Brochure”), there are no material changes to report.

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## Item 4 – Advisory Business

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Soundcore Capital Partners, LLC (“Soundcore”), together with its general partners (unless otherwise specified), relying advisers and affiliates (“Soundcore” or the “Firm”), a Delaware limited liability company, is a private equity firm based in New York City. Founded in early 2015 to make control equity investments and buyouts of attractive lower middle market North American (U.S. or Canada) headquartered businesses, Soundcore’s thesis-driven, buy-and-build investment strategy focuses primarily on what Soundcore believes to be healthy businesses with recurring revenues and high margins in the business services, specialty distribution and value-added manufacturing sectors.

Soundcore serves as the investment adviser for and provides discretionary investment advisory services to special purpose vehicles created to invest in one or more portfolio companies (“Pre-Fund Investments”) and to private funds exempt from registration under the Securities Act of 1933, as amended, (“Securities Act”), (unless the context otherwise demotes, collectively, the “Funds”). Each Fund is affiliated with a general partner (“General Partner”) which is deemed to be a relying adviser with authority to make investment decisions on behalf of the Funds. These General Partners are deemed registered under the Investment Advisers Act of 1940, as amended (“Advisers Act”), pursuant to Soundcore’s registration in accordance with SEC guidance. While the General Partners maintain ultimate authority over the respective Funds, Soundcore has been designated the role of investment adviser. For more information about the Funds and General Partners, please see Soundcore’s Form ADV Part 1, Schedule D, 7.A.(1). and 7.B.(1).

### **Principal Owners/Ownership Structure**

Soundcore is owned by Managing Partners Jarrett Turner and Feliks Zarotsky. For more information about Soundcore’s owners and executive officers, see Soundcore’s Form ADV Part 1, Schedule A.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

Soundcore provides investment advisory services as a private equity fund manager to its Funds. Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds invest through privately negotiated transactions in operating companies in the business services, specialty distribution and value-added manufacturing sectors. Soundcore’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities and

negotiating the terms of purchase and sale of investments. Investments are made predominantly in nonpublic companies, although investments in public companies are permitted in certain instances. When such investments consist of portfolio companies, the senior principals or other personnel and/or third parties appointed by Soundcore will generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Soundcore does not tailor its advisory services to the individual needs of limited partners in its Funds; the Firm's investment advice and authority for each Fund is tailored to the investment objectives of that Fund. These objectives are described in the private placement memorandum, limited partnership agreement, side letter agreements and other governing documents of the relevant Fund (collectively, "Governing Documents"). With the exception of the Pre-Fund Investments, the Firm does not seek or require limited partner approval regarding each investment decision.

With the exception of the Pre-Fund Investments, limited partners generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Limited partners in the Funds, but not the Pre-Fund Investments, participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Governing Documents. One limited partner has negotiated certain veto rights with respect to the Pre-Fund Investments in which it has invested. Soundcore has entered into side letters or similar agreements with certain limited partners who make substantial commitments of capital that have the effect of establishing rights (including preferential economic terms) under, or altering or supplementing, a Fund's Governing Documents. Such side letters are negotiated at the time of a Fund's formation, and once invested in a Fund, with the exception of the Pre-Fund Investments, limited partners generally cannot impose additional investment guidelines or restrictions on such Fund.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

Soundcore does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of March 31, 2018, Soundcore manages \$196,692,277 in client assets, all managed on a discretionary basis. Soundcore does not manage any investments on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

### **Management Fees**

With the exception of the Pre-Fund Investments, Soundcore charges each Fund a management fee (the “Management Fee”), generally 2% per annum, although some Funds charge a lower Management Fee. The Management Fee charged to each Fund is specified in the Governing Documents of each Fund. Management Fees were negotiated with the Fund’s limited partners during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. Generally, Management Fees are initially calculated based upon aggregate commitments from limited partners not affiliated with the General Partners for the period of time during which each Fund is making investments; thereafter, the Management Fee equals a percentage of such limited partner’s outstanding invested capital less the portion of each investment that has been disposed of or permanently written down, subject to various other factors.

The General Partners may, in their sole discretion, waive all or a portion of the Management Fee. Management Fees differ from one Fund to another, as well as among limited partners in the same Fund. Such differences can arise from the size of a limited partner’s commitment to a Fund, different investor classes, provisions of side letter agreements or other negotiated terms. Fees are generally waived for Soundcore employees, affiliates and their families investing in a Fund. Similarly, investors in a co-investment fund/vehicle may pay a reduced Management Fee on the co-investment portion of their investment.

Management Fees will generally be reduced by a percentage of: (i) the amount of fees paid by a Fund to entities or persons acting as a placement agent in connection with the offer and sale of interests in such Fund; (ii) by costs incurred by Soundcore in connection with the organization of a Fund that exceed a limit as specified in such Fund’s Governing Documents; and (iii) if applicable, certain supplemental fees as described more fully below. In addition, a Fund’s Governing Documents may reduce the applicable Management Fee based on a formula, such as a percentage of each capital contribution of the General Partner. In connection therewith, the relevant Governing Documents may require limited partners of a Fund to make a contribution to fund an agreed upon portion of any capital contribution that would otherwise be required of Soundcore, the General Partner, certain

employees and/or affiliates of Soundcore. The requirement to make such capital contributions may accelerate a portion of the investor capital contributions as compared to the timing of capital contributions that otherwise would have applied (although this acceleration will typically be limited to periods of three months or less). Such contributions made by the limited partners generally are treated by the applicable Governing Document as a deemed capital contribution by Soundcore, the General Partner, certain employees and/or affiliates of Soundcore, which effectively increases such person's share in the profits generated by some or all of a Fund's investments. The reduction in Management Fees resulting from the foregoing provisions in the Governing Documents has the potential to be significant. Waived, deferred, or reduced Management Fees are not typically subject to the various offsets or reductions as described herein. Due to waived, deferred, or reduced Management Fees and/or the timing of receipt of fees subject to offsets, Fund limited partners could receive less than the full benefit of reductions or offsets.

Investors in the Pre-Fund Investments do not pay Management Fees.

### **Carried Interest**

Each Fund's General Partner is entitled to be allocated carried interest ("Carried Interest") with respect to the Funds, which is generally equal to 20% of all realized profits net of all expenses in excess of a compounded preferred return and catch-up provisions. Each Fund's Carried Interest arrangement is further described in the relevant Fund's Governing Documents and briefly in Item 6, below.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

Management Fees (for those Funds paying a Management Fee) are generally paid on a quarterly basis in advance and are either deducted from Fund assets or as a result of a capital call.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

### **Manager Expenses**

Soundcore and its affiliates are responsible for all of the day-to-day overhead expenses, including office expenses and compensation of its employees and partners.

## Fund Expenses

The Funds will pay all expenses of operating the Funds (which differs across funds) (which includes all fees, costs, expenses, liabilities and obligations relating to a Fund and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments and/or actual or potential investments of any alternative investment vehicle, including with respect to an entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals or databases), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving, or otherwise disposing of, as applicable, portfolio companies and a Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including reimbursement of expenses and costs of any operating partner, employees or other persons engaged by any operating partner, any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, a Fund, Soundcore, a General Partner or any affiliated partner on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository (including a depository appointed pursuant to the AIFMD), Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) including any law, rule or regulation related to the implementation thereof), trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with any third-party administrator and administration, tracking or reporting software), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to any operating partner, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies, and other similar consultants), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) directors and officers liability, errors and omissions liability, fidelity bond, cyber-security, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax



returns, tax estimates, Schedule K-1s, other communications with limited partners, or any other administrative, compliance or regulatory filings or reports (including Form PF) and any administrative, regulatory, reporting, filing, or other compliance requirements (other than the initial registrations, filings and compliance) contemplated by the AIFMD, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Funds or the limited partners; (xiii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (xiv) activities or proceedings of each Fund's advisory board (including any costs and expenses incurred by representatives of the relevant General Partner, the advisory board members and permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xv) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification), except as otherwise set forth in this relevant Governing Documents; (xvi) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xvii) any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference or meeting with any limited partner(s), in each case to the extent incurred by a Fund, its General Partner or any other affiliate of the General Partner; (xviii) the Management Fee; (xix) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with such Fund, any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any alternative investment vehicles or feeder vehicles related to a Fund to the extent not paid by the limited partners investing in such entities and any other costs and expenses related to any structuring or restructuring of the Fund entities; (xx) the termination, liquidation, winding up or dissolution of a Fund; (xxi) defaults by limited partners in the payment of any capital contributions; (xxii) amendments to, and waivers, consents or approvals pursuant to, the Governing Documents of the Funds, Soundcore and any alternative investment vehicle of a Fund or parallel Fund, including the preparation, distribution and implementation thereof; (xxiii) (A) complying with any law, regulation or policy related to the activities of a Fund (including any legal fees and expenses related thereto, any regulatory expenses of its General Partner incurred in connection with the operation of the Fund and any costs and expenses related to compliance with any environmental, social and governance investor considerations and policies of the General Partner or the Fund) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving a Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith; (xxiv) any third-party experts, including independent appraisers, engaged by Soundcore in connection with

a Fund considering, making or holding an investment in the same entity as one or more other affiliates of a Fund or its General Partner; (xxv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer; (xxvi) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of a Fund (except to the extent that the Fund is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed to the limited partners); (xxvii) distributions to the limited partners and other expenses associated with the acquisition, holding and disposition of a Fund's investments, including extraordinary expenses; (xxviii) unreimbursed expenses and unpaid fees and compensation of any operating partner, employees or other persons engaged by such operating partner; (xxix) compliance or regulatory matters related to a Fund, except as otherwise set forth in the relevant Governing Documents; (xxx) any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxi) any Organizational Expenses (as defined below); (xxxii) any placement fees; and (xxxiii) any other fees, costs, expenses, liabilities or obligations approved by the advisory board.

### **Offering and Organizational Expenses**

Each limited partner will bear its pro rata share of the Fund's organizational expenses, including travel, lodging, meals, entertainment, printing, legal, capital raising, accounting, regulatory compliance (including the initial registrations, filings, and compliance contemplated by the AIFMD), and any administrative or other filings incurred in connection with the organization, funding and start-up of the Funds, including the preparation of, and negotiations with respect to, the Governing Documents and any side letters or similar agreements and any out-of-pocket costs and expenses incurred by third-party placement agents, finders or other persons or entities performing similar services in connection with the organization and funding of the Funds ("Organizational Expenses"). For the avoidance of doubt, any fees paid to third-party placement agents are not considered Organizational Expenses and are offset dollar for dollar against Management Fees. The amount of Organizational Expenses varies by Fund and is further detailed in the limited partnership agreement of such Fund. Any amounts in excess of such specified amounts are borne by Soundcore and offset dollar for dollar against Management Fees.

### **Third-Party Professional Expenses**

Soundcore and its affiliates also engage and retain Special Consultants (as defined in Item 8 below), advisers, consultants, operating partners, executive partners and other similar professionals ("Third-Party Professionals") or affiliates of Soundcore to assist with managing portfolio companies. The nature of the relationship with each of the Third-Party Professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, Third-Party Professionals provide the Funds and/or Soundcore with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams. In other cases, Third-Party Professionals may take on more extensive roles and

serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In certain instances, Soundcore may have formal employment or other arrangements with these Third-Party Professionals (which may or may not be terminable upon notice by any party) and such Third-Party Professionals may be denominated operating partners (“Operating Partners”) of Soundcore. In other cases, the relationship may be more informal. There can be no assurance that any of the Third-Party Professionals will continue to serve in such role and/or continue their arrangement with Soundcore and/or any portfolio company throughout the terms of the Funds.

These Third-Party Professionals will, from time to time, receive payments, co-investment rights, equity allocations and/ or other compensation or allocations with respect to portfolio companies and/or other entities, including a profits interest and options in a portfolio company or a percentage of the Carried Interest. Third-Party Professionals typically incur expenses while working with Soundcore portfolio companies, and such expenses are paid or reimbursed by either Soundcore, the relevant portfolio company or the relevant Fund. Soundcore may appoint a Third-Party Professional to serve on the board of a Soundcore portfolio company, and any fees for board service received by the Third-Party Professional will not be deemed paid to or received by Soundcore and thus will not be subject to the fee offset arrangements described above. Third-Party Professionals are also reimbursed for the cost of their travel to and from portfolio company board meetings and other portfolio company business and such expenses are generally borne by the relevant portfolio company which the Third-Party Professional is advising, but may also be paid by the relevant Fund.

### **Portfolio Company Remuneration**

Soundcore receives certain supplemental fees and compensation with respect to portfolio investments (whether consummated or not), including closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, financial consulting fees or advisory fees, consulting fees, directors’ fees and other similar fees (whether in the form of cash, securities or otherwise) the amount of which are paid by the Funds (directly, or indirectly by the portfolio companies) and are determined by Soundcore on a transaction by transaction basis, subject to the terms set forth in each Fund’s Governing Documents. All such fees received except with respect to the Pre-Fund Investments are offset in part against the Management Fee, net of any expenses incurred in connection with such portfolio investment; however, any such fees received from non-Soundcore employees is not subject to an offset against Management Fees. The amount and manner of such reduction is set forth in the relevant Governing Documents of the applicable Fund. As further described immediately below, any such reduction of a Fund’s Management Fee is typically limited to the extent of such Fund’s proportionate interest in any such portfolio company and only to the extent a Management Fee is payable by a Fund currently or in the future.

From time to time, Soundcore also receives such supplemental fees and compensation from, on behalf of or with respect to, co-investors in an investment. The portion of any such fees received attributable

to amounts co-invested (or on behalf or with respect to any co-investors in a Fund investment) will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors.

Each portfolio company typically pays for or reimburses the Firm for the travel of Soundcore employees and Operating Partners to visit such portfolio company. However, as described above, any reimbursement by a portfolio company of out-of-pocket expenses incurred by Soundcore, a General Partner or their respective affiliates will not be offset against the Management Fee payable by the Funds.

From time to time, Soundcore may (in its sole discretion), agree to pay a transaction fee, portion of Carried Interest or other fee received from an actual or prospective portfolio company to a third-party, such as a consultant, adviser, finder, placement agent, broker and/or investment bank. In such event, the third-party fee is not a fee that Soundcore is entitled to retain and, therefore, Soundcore is not required under the terms of the applicable Governing Documents to share such third-party fees with a Fund.

### **Co-Investment Fees and Expenses**

As described above, in certain circumstances, Soundcore permits certain investors to co-invest in investments alongside one or more Funds, subject to Soundcore's related policies, the relevant Governing Documents and/or side letter(s) or similar arrangements. Where a co-investment vehicle is formed, it is expected that such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any fees and expenses relating to such proposed but not consummated transaction ("broken deal expenses") therefore would generally be borne by the Fund or Funds selected as proposed investors for such proposed transaction and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction or are contractually committed to invest in such co-investment or other vehicle, such vehicle is expected to bear its share of such broken deal expenses.

### **Other Expenses**

From time to time, employees of Soundcore may be seconded to fill vacant positions at portfolio companies provided that such employees costs are no greater than what would have been paid to such employees in arm's length transactions for similar overall services, as determined by the relevant Fund General Partner in good faith. These amounts will be paid by the applicable portfolio company and such amounts will not offset the Management Fee payable to Soundcore.

## **Allocation of Fees and Expenses**

In good faith and in its fair and reasonable discretion, Soundcore determines on a case by case basis whether an expense should be borne by the Firm or a Fund. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, Soundcore will typically allocate common expenses among multiple Funds on a pro rata basis based on capital commitments.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Soundcore Funds pay Management Fees quarterly, in advance, for those Funds paying Management Fees. The Funds are closed-ended investment vehicles intended for a long-term investment. Accordingly, Management Fees are expected to be paid, except as otherwise described in the relevant Governing Documents, and limited partners generally are not permitted to withdraw or redeem interests in the Funds.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Neither Soundcore nor any supervised person accepts compensation for the sale of securities or other products, other than as described in this Item 5 and in Item 6 below and throughout this Brochure.

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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

A Carried Interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. As described above in Item 5, the General Partner receives a Carried Interest allocation on certain realized profits in the Funds equal to 20% of all realized profits (although some Funds charge a lower Carried Interest allocation) subject to an annually compounded preferred return (or hurdle) and subject to reimbursement of all relevant Fund expenses, including Management Fees,

if applicable. The Carried Interest allocated to a General Partner is subject to a potential giveback if the respective General Partner has received excess cumulative distributions. Each Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund Governing Documents.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund may, in its sole discretion, waive or reduce the amount of Carried Interest for a limited partner in a Fund. Specifically, if principals and employees, and their respective family are Fund limited partners they will generally pay reduced Carried Interest or none at all. Additionally, some limited partners have negotiated for lower Carried Interest as is reflected in side letter agreements with Soundcore. Similarly, investors in co-investment Funds generally pay a lower amount of Carried Interest.

The fact that the General Partner's Carried Interest allocations are based on the performance of each Fund may create incentive for Soundcore to make investments that are more speculative than would be the case in the absence of such distributions. This incentive is mitigated, however, due to the fact that any losses the Funds sustain will reduce the General Partner's Carried Interest distribution and the fact that Carried Interest is generally calculated only after limited partners have received as distribution 100% of their capital contributions.

Funds with specified investment objectives which are similar may be managed in a similar way and may invest in the same assets. Investment opportunities which satisfy the investment parameters of more than one Fund will be allocated in accordance with Soundcore's policies and procedures and in accordance with the applicable Governing Documents. Soundcore's policies and procedures for the allocation of investments are determined by the Investment Committee and monitored by Soundcore's Chief Compliance Officer.

## **Item 7 – Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

Soundcore provides investment advice to its Funds. The Funds limit their respective limited partners to persons who are both "accredited investors" as defined in the Securities Act of 1933 and "qualified clients" and/or "qualified purchasers" or "knowledgeable employees" as defined in the Investment Company Act of 1940. Limited partners in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. The Funds are not registered or required to be registered under the Investment Company Act of 1940; their securities are not registered

or required to be registered under the Securities Act of 1933 and are privately placed to qualified investors in the United States and elsewhere. The Funds typically require capital commitments from each limited partners of at least \$1 million, depending on the Fund, although commitments of less than \$1 million have been accepted in the discretion of the applicable Fund's General Partner.

The limited partners participating in the Funds include individuals, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and typically include, directly or indirectly, principals or other employees of Soundcore and its affiliates and members of their families, Third-Party Professionals and service providers retained by Soundcore.

As mentioned above in Item 4, Soundcore also serves as the investment manager for co-investment vehicles that invest alongside a Fund in certain Fund portfolio companies. Opportunities to participate in co-investment opportunities arise when Soundcore has the opportunity for an investment in an existing or prospective portfolio company and determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements and such other factors as Soundcore will consider in its sole discretion, including those specified from time to time in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. Opportunities to invest in a portfolio company are made available to select persons or entities, including, without limitation, strategic investors, lenders, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), Fund limited partners, service providers, other persons or entities affiliated, associated or otherwise known to Soundcore or its personnel and unrelated third parties.

Additionally, Soundcore may cause some co-investors to bear a Management Fee and/or Carried Interest while not imposing a Management Fee and/or Carried Interest (or imposing a different Management Fee or Carried Interest) on other co-investors. In Soundcore's sole discretion, some co-investment vehicles and/or co-investors may bear all or a portion of certain expenses (e.g., legal and other expenses associated with a portfolio company investment), while other co-investment vehicles and/or co-investors do not share in such expenses. In certain cases, co-investment opportunities may include opportunities to invest in Fund portfolio companies at a time when there is not a corresponding Fund investment or on different terms than a Fund investment. Some co-investors may also be provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisers of a Soundcore portfolio company. Positions on boards of directors or advisers of such portfolio companies may provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-investment vehicle may purchase a portion of an investment from one or more Funds after such Fund(s) have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Soundcore's sole discretion, Soundcore is authorized to charge interest on the purchase to the co-investor or co-invest vehicle, 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.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

Soundcore's thesis-driven, buy-and-build investment strategy focuses primarily on what Soundcore believes to be healthy businesses with recurring revenues and high margins in the business services, specialty distribution and value-added manufacturing sectors. Soundcore seeks to partner with exceptional management teams and to create long-term value for its limited partners through a combination of strategic acquisitions, operational improvements, and internal growth initiatives.

Soundcore's investment approach involves a proactive, in-house, direct deal sourcing effort based on an industry thesis to identify acquisition targets without participating in traditional investment banking auction processes. Soundcore believes its intensive approach leads to lower entry multiples and higher associated multiples at exit as a result of successful aggregation to scale.

The concept for Soundcore – a name derived from the Firm's intentional focus on *sound* investments and steadfast commitment to *core* principles – was developed before the founding of the Firm. The Managing Partners designed what they believed a sector-focused, lower middle market private equity firm should be: a top-down, thesis-driven investor with direct, proactive bottom-up sourcing capabilities and an operationally-intensive, buy-and-build investment strategy.

The Soundcore team understands that reliable experience and relentless effort, a coherent investment approach and a repeatable process are prerequisites for continued successful investing. In addition to such prerequisites, Soundcore believes its culture is a key differentiator: operating from a single office, Soundcore embraces an entrepreneurial, collaborative approach and believes commitment to this culture will allow the Firm to excel in creating exceptional long-term value for its limited partners.



The applicable Governing Documents of each Fund set forth more detailed descriptions of each Fund's investment strategies and methods of analysis. There can be no assurance that Soundcore will achieve the investment objectives of the Funds and a loss of investment may be possible.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and limited partners must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those limited partners who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Risks and potential conflicts of interest include, but are not limited to, the following:

## **Risks**

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

*Investment in Junior Securities.* The securities in which the Funds 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 a Fund's investment once made.

*Concentration of Investments; Lack of Diversification.* The Funds will invest a significant portion of their aggregate capital commitments in any single portfolio company (including its direct or indirect subsidiaries and guarantees or other credit support), and will likely participate in a limited number of overall investments. 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. If a Fund co-invests with another private equity fund, a limited partner invested in such other fund may have exposure to a single portfolio company through more than one fund, potentially multiplying such limited partner's losses.

Given Soundcore's and the Managing Partners' experience in certain core industries and the structural requirements of operating the Funds, the Funds will likely make investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the

timing of a Fund's investments, may substantially affect such Fund's aggregate return. In addition to the foregoing, because a Fund may only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could severely affect total returns. If certain investments perform unfavorably, then in order for a Fund to achieve above-average returns, one or a few of its investments must perform very well, and there can be no assurances that this will be the case.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, investing directly or through affiliates. Over the past several years, an ever-increasing number of private equity funds have been or are being formed, and many existing funds have grown in size. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than Soundcore, the Funds and their affiliates.

In a highly competitive environment, valuations of potential target companies may rise to historically high levels as measured by multiples of EBITDA. Soundcore expects that competition for appropriate investment opportunities may increase, which may also require a Fund to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms upon which portfolio investments can be made.

To the extent that a Fund encounters a highly competitive market while making investments, the acquisition cost of such investments may increase, and returns to limited partners may decrease. In addition, it is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. Moreover, limited partners will be required to bear Management Fees during the investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the Governing Documents.

*Changes in Investment Focus.* The Funds are not restricted in terms of the percentage of their capital that can be invested in a particular industry. While the applicable Governing Documents contain a description of the types of investments that the Soundcore Funds have historically made and information about Soundcore's expectations with respect to each Fund, many factors can contribute to changes in emphasis in the construction of each Fund's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of a Fund will resemble each other or that a Fund will invest primarily in the business services, specialty distribution and/or value-added manufacturing industries.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which the Funds invest, including various segments of the business services, specialty distribution and value-added manufacturing industries, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the business services, specialty distribution and value-added manufacturing industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest. By way of example, the healthcare and financial services industries have been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced from time to time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which the Fund may invest.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. A Fund's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by a Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which a Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market. Public offering, merger and acquisition and recapitalization and reorganization opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In view of these limitations on liquidity, the Funds generally will not be able to realize an investment in a privately-held entity until the sale of such entity. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to Soundcore) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

*Leveraged Investments; Borrowing.* The Funds will make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given 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, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to a Fund that may not be covered by distributions made to such Fund or appreciation of its investments. 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 a Fund's investments in the leveraged portfolio companies in a down market. In the event a portfolio company cannot generate adequate cash flow to meet its debt service, such Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Additionally, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Fund's ability to generate attractive investment returns for the Fund as a whole. Any failure by lenders to provide previously committed financing could also expose the Fund to potential claims by sellers of businesses which the Fund may have been contracted to purchase.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). Although use of such borrowing facilities enhances the ability to close transactions quickly, such activity also increases risk and raises the possibility that additional capital will need to be called from investors to pay off such debt. Any use of leverage by a Fund may result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by Soundcore or any of its affiliates and, in connection with incurring such indebtedness, Soundcore may, in its sole discretion, cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent a Fund incurs leverage or provides any guaranty, such amounts may be secured by the capital commitments of such Fund's limited partners and other Fund assets. The inability of a

Fund to repay any leverage secured by the capital commitments of such Fund's limited partners could enable a lender to issue a capital call on behalf of the General Partner of a Fund.

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

*No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.* Limited partner interests in the Funds may not generally be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the relevant Fund General Partner, which generally may be withheld in such General Partner's sole discretion, and the volume of transfers permitted in any calendar year may be restricted in order to comply with certain safe harbors under the tax regulations promulgated under the IRS Code. Voluntary withdrawals from a Fund will not be permitted except in very limited circumstances. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Limited partners may not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in a Fund for an extended period of time.

*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 limited 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 limited partners. After a distribution of securities is made to the limited partners, many limited 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 limited partners may be lower than the value of such securities determined pursuant to the relevant Governing Documents, including the value used to determine the amount of Carried Interest available to the relevant General Partner with respect to such investment.

*Reliance on the General Partners.* The Funds will be dependent on their General Partner. Limited partners generally have no right or power to take part in the management of the Funds, or control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds, as control over these decisions will be vested with the relevant General Partner. Consequently, a Fund's future profitability and investment performance will depend largely upon the business and investment acumen of the Managing Partners and other employees of Soundcore. The loss or reduction of service of one or more of such persons could have an adverse effect on a Fund's ability to realize its investment

objectives. In addition, the Managing Partners currently, and may in the future, manage multiple Funds and the Managing Partners 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 the Managing Partners. In addition, certain changes in a Fund's General Partner or circumstances relating to such General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Limited partners are reminded that the composition of the professionals making up particular industry sector investment groups change over time, and the professionals included in such groups and who may have contributed to the past performance of any prior Funds may no longer be members of the particular group or serve in the same or similar roles thereon (or may no longer be with Soundcore, or may leave such group or Soundcore during the life of the Fund).

*Reliance on Portfolio Company Management.* The success of many of a Fund's portfolio companies is heavily dependent on the management of such companies. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Additionally, Soundcore will generally establish the capital structure of companies in which a Fund invests on the basis of financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although Soundcore will be responsible for monitoring the performance of each portfolio investment and the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management team, or any successor team, will be able or willing to successfully operate a company in accordance with the Funds' objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company is held by the Funds. Moreover, there can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

*Uncertainty of Projections.* The Funds use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Soundcore in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. There can be no assurance that the results

set forth in the projections will be attained, and actual results may be significantly different from the projections.

*Conflicting Limited Partner Interests.* Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, conflicts may arise in connection with decisions made by Soundcore regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Soundcore generally will consider the investment, tax and other relevant objectives of each Fund and its limited partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

*Need for Follow On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful 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 follow on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (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 a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* A Fund may invest a portion of its aggregate commitments in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which a Fund's non-U.S. investments may be denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which a Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less (or more) government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social

instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for a Fund and/or its limited partners; (x) differing and potentially less well-developed or well-tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

*Dilution.* Limited partners admitted or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of such Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions plus an additional 8% per annum, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

*Public Company Holdings.* A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the 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 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 Managing Partners, and increased costs associated with each of the aforementioned risks.

*Distressed Investments.* A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Soundcore 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, a 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 the Fund invested.



*Non Controlling Investments.* The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Director Liability.* The Funds 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 (each, a "Board Representative"). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, a Board Representative may have duties to persons other than the Fund. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Board Representative, and ultimately the 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 the Fund's investment activities.

*Standard of Care; Indemnification.* The Governing Documents of each Fund contains provisions that, subject to applicable law, reduce, modify or eliminate the duties that a General Partner otherwise owes to a Fund and the limited partners. Pursuant to the relevant limited partnership agreement, a General Partner, the Managing Partners and the General Partner's and its general partner's partners, members, managers, employees, agents, advisors, affiliates and certain other persons will be indemnified and held harmless from and against all claims, liabilities, costs, and expenses, including legal fees, judgments, and amounts paid in defense and settlement, as incurred by them, by reason of their activities on behalf of the Fund or the limited partners, other than for bad faith, willful malfeasance or other exceptions as set forth in the partnership agreement and may receive advances for any fees, costs and expenses incurred in the defense or settlement of any claim that may be subject to a right of indemnification. The Funds will similarly indemnify and hold harmless advisory board members (and the limited partners they represent) in connection with advisory board actions, other than as set forth in the partnership agreement. The application of the foregoing standards may result in limited partners having a more limited right of action in certain cases than they would in the absence of such standards. As a result, a Fund may bear significant financial losses even where such losses were caused by the negligence of a General Partner and certain of its affiliates. Such financial losses may have an adverse effect on the returns to the limited partners. The fees, costs and expenses (whether or not advanced) and other liabilities resulting from a Fund's indemnification obligations will generally be paid by or

otherwise satisfied out of the assets of such Fund, including the unpaid capital obligations of the limited partners. In addition, if the assets of a Fund are insufficient to satisfy the Fund's indemnification obligations, the General Partner may recall distributions previously made to the limited partners, subject to certain limitations set forth in the partnership agreement.

*Litigation.* The transactional nature of the business of the Funds exposes the Funds, the General Partners and their respective affiliates generally to the risk of third-party litigation. As such, in the ordinary course of its business, a Fund may be subject to litigation from time to time. Under the relevant partnership agreement, a Fund will generally be responsible for indemnifying the General Partner and certain of its affiliates for costs they may incur with respect to such litigation not covered by insurance. The outcome of litigation proceedings may materially adversely affect the value of a Fund and may continue without resolution for long periods of time. Additional regulation could also increase the risks of third-party litigation. Any litigation may consume substantial amounts of a General Partner's and the Managing Partners' 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.

*Advisory Board.* Each General Partner will appoint one or more limited partner representatives to an advisory board for that Fund, which has the ability to review and waive compliance with certain provisions of the partnership agreement, including resolving potential conflicts of interest situations, and whose approval is required or may be requested in certain circumstances under the partnership agreement, including certain approvals or consents required by the Advisers Act. Pursuant to the terms of the partnership agreement, all limited partners are bound by the determinations of its advisory board, regardless of whether a limited partner is represented by a member of such advisory board. The relevant partnership agreement provides that, to the extent permitted by law, none of the advisory board members shall owe any fiduciary duties to the Fund or any other limited partner. Members of the advisory board may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory board for consideration or review. Members of the advisory board may have various business and other relationships with a General Partner, Soundcore and their respective members, partners, managers, directors, officers, employees and affiliates. These relationships may influence their decisions as members of the advisory board. To the extent that a limited partner is not represented by a member of the advisory board, such limited partner will have no influence over matters submitted to such advisory board for review or approval.

*General Economic and Market Conditions.* The private equity industry generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by Soundcore. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the

performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that Soundcore believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure and may be magnified by the expected limited geographic diversity of a Fund's investments.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, a Fund's ability to generate attractive investment returns may be adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Delayed Schedule K-1s.* The Funds may not be able to provide final Schedule K-1s to limited partners for any given fiscal year until after April 15 of the following year. Each General Partner will endeavor to provide limited partners with final Schedule K-1s or with estimates of the taxable income or loss allocated to their investment in the Fund on or before such date, but final Schedule K-1s may not be available until the Fund has received tax-reporting information from its portfolio companies necessary to prepare final Schedule K-1s. Limited partners may be required to obtain extensions of the filing dates for their U.S. federal, state and local income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Fund.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, a Fund and Soundcore may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities

laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the relevant Fund and, ultimately, its limited partners. In such a situation, limited partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the relevant Governing Documents.

*Consumer Related Industries.* Consumer industries are typically highly competitive and are typically characterized by relatively low barriers to entry and a crowded field of competitors. The long-term market success of a consumer industries company is generally subject to a variety of factors, many of which are outside of the control of the Funds and the Funds' portfolio companies. For instance, consumer spending may be disproportionately affected by adverse economic conditions and, in respect of certain market segments, may be difficult to predict. In addition, consumer industries companies may face competition from a number of other, more established market participants, including global companies with significantly greater resources. It is not uncommon for a consumer industries company to ultimately be unsuccessful in gaining a significant market position, and anticipated market opportunities may not develop as expected. In either case, the consumer industries companies in which a Fund may invest may be affected in a materially adverse manner.

*Unspecified Investments.* Limited partners rely on the ability of Soundcore to locate and evaluate the investments to be made by the Funds using the committed capital of each Fund. The activity of identifying, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that Soundcore will be able to locate or a Fund will be able to complete portfolio investments that satisfy such Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that such Fund will be able fully to invest its committed capital.

*Risks in Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of the Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that a Fund will be able to successfully identify and implement such improvements.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions.* Before making investments, Soundcore will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and Soundcore may rely on the

advice received from such third parties. Investment analyses and decisions by Soundcore will often be undertaken on an expedited basis in order for a Fund to take advantage of investment opportunities. In such cases, the information available to Soundcore at the time of an investment decision may be limited, and Soundcore may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

*Adequacy and Availability of Insurance.* While the Funds may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation. Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact a Fund's profitability.

*Control Person Liability.* The Funds are expected to have controlling interests in a number of their portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, a Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, a Fund might suffer significant losses. While Soundcore believes it manages the Funds in a manner that will minimize the exposure of these risks, the possibility of successful claims against the Funds and/or their affiliates cannot be precluded.

*Liability of Limited Partners.* The Funds have been organized as Delaware limited partnerships. Generally, a limited partner should not be personally liable for the debts of a Fund except that, in the event a Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them, subject to certain limitations set forth in the Governing Documents. In addition, any limited partner's commitment is susceptible to risk of loss as a result of any liability of the Fund irrespective of whether such liability is attributable to an investment to which such limited partner did not contribute any capital.

*Over-Commitment.* In order to facilitate the acquisition of a portfolio company, a Fund may make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the Fund 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 Fund may bear the entire portion of any break-up 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.

*Failure to Make Capital Contributions.* If a limited partner fails to pay when due installments of its commitment to a Fund, and the contributions made by non-defaulting limited partners and borrowings by the Fund are inadequate to cover the defaulted amount, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners).

*Recycling; Reinvestment.* During the investment period of each Fund, Soundcore generally has the right to recall certain capital returned or distributed to the limited partners. Accordingly, during the term of a Fund, a limited partner may be required to make capital contributions in excess of its commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, a limited partner will remain subject to investment and other risks associated with such investments.

*Investments Longer than Term.* The Funds may make investments that may not be advantageously disposed of prior to the date such Fund is terminated, either by expiration of the Fund's term or otherwise, or a Fund's term may be extended to facilitate the wind-down of such Fund. Although the Firm expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, Soundcore has a limited ability to extend the term of a Fund, and the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of termination. To the extent that such investments are held in trust, the trust may incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to the limited partners will occur.

*Cyber Security Breaches and Identity Theft.* The Funds and their portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. Although Soundcore has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Soundcore, the Funds and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy

the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Soundcore's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Soundcore's, the Funds' and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

*Electronic Delivery of Certain Documents.* Pursuant to the subscription agreement entered into by a limited partner in respect of a Fund, such limited partner may consent to electronic delivery (including email, facsimile or posting on the Fund's web-based investor reporting site or other Internet service in accordance with the Governing Documents) of (i) any notices or communications required or contemplated to be delivered to such limited partner by the Fund, the General Partner or any of their respective affiliates, pursuant to applicable law or regulation (including, without limitation, the Advisers Act), at the option of the person making such delivery, and (ii) capital call notices and other notices, requests, demands or consents or other communications and any financial statements, reports, schedules, certificates or opinions required to be provided to such limited partner under the Governing Documents or under any side letter or similar agreement with such limited partner. There are certain costs and possible risks (e.g., system outages) associated with electronic delivery. Moreover, Soundcore cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems, malfunctions, theft of information or related problems that may be associated with the use of an Internet-based system.

*Dilution from Subsequent Closings.* Limited partners admitted or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute their pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

*Environmental Hazards.* Some of the Fund's portfolio companies may generate, emit, store, transport and arrange for disposal of hazardous materials as a consequence of their operations and therefore could be subject to numerous and extensive environmental, health and safety laws and regulations in respect of their operations. In addition, under environmental laws enacted by the United States and various states, owners of property may be liable for the clean-up and removal of hazardous substances even where the owner was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title. Compliance with these laws and regulations and obtaining necessary operating permits and licenses can be costly and failures to comply can result in material monetary civil and criminal sanctions. The costs of removal and clean-up of hazardous substances and wastes can be extremely expensive and, in some cases, can exceed the value of a property.

## Conflicts of Interest

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of the Funds, the General Partners, Soundcore and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, investors should be aware that Soundcore and its personnel may in the future engage in further activities that may result in additional conflicts of interest not addressed below. There can be no assurance that Soundcore will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds.

If any matter arises that a General Partner determines in its good faith judgment constitutes an actual or potential conflict of interest, the General Partner may take such actions as may be necessary or appropriate to ameliorate such conflict (and upon taking such actions, the General Partner will be relieved of any responsibility for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied its fiduciary duties related thereto to the fullest extent permitted by law). These actions may include, by way of example: (i) disposing of the security giving rise to the conflict of interest; (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; or (iii) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with the relevant advisory board regarding the conflict of interest and either obtaining a waiver from the advisory board of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by the advisory board with respect to such conflict of interest.

In addition, investors should note that each Fund's Governing Documents contain provisions that, subject to applicable law: (i) reduce, modify or eliminate the duties, including fiduciary duties, that a General Partner would otherwise owe to the Fund and the limited partners; (ii) waive duties or consent to the conduct of a General Partner that might not otherwise be permitted pursuant to such duties; and (iii) limit the remedies of a limited partner with respect to breaches of such duties. Additionally, each partnership agreement contains exculpation and indemnification provisions that, subject to the specific exceptions identified therein, provide that the General Partner, Soundcore and their respective employees will be held harmless and indemnified, respectively, for matters relating to the operation of the Fund, including matters that may involve one or more potential or actual conflicts of interest.

*Investment Allocation.* From time to time, Soundcore may be presented with investment opportunities that would be suitable for more than one of the Funds. The Firm generally will not commence the operation of a new pooled investment fund with objectives substantially similar to those of the Funds until the end of the commitment period or such earlier time as described in each Fund's Governing Documents. During the commitment period of each Fund, all appropriate investment opportunities will be pursued by Soundcore principals through the Funds, subject to certain limited exceptions.



Soundcore's principals and Soundcore's investment staff will continue to manage and monitor such investments until their realization. Soundcore in the future may sponsor and manage a variety of investment funds with objectives, strategies, scope and investment criteria that differ from the current Funds. Such funds and/or their respective portfolio companies may compete with the Funds and/or portfolio companies of the Funds.

In determining which investment vehicles should participate in such investment opportunities, Soundcore and its affiliates are subject to potential conflicts of interest among the investors in such vehicles. Soundcore is committed to allocating investment opportunities among the Funds in a manner that is fair and equitable and consistent with its fiduciary obligations and the Governing Documents of the Funds. To determine whether and to what extent the Funds will participate in an investment opportunity, Soundcore generally assesses whether an investment opportunity is appropriate for each relevant Fund and may also consider certain factors, including, but not limited to, the amount of available capital commitments of the applicable Fund(s), anticipated future capital requirements of an investment opportunity, expected time to obtain liquidity, limitations in the Governing Documents of the applicable Funds, investment guidelines, diversification guidelines, investment strategies and objectives, legal, tax and regulatory considerations, and any other factors deemed relevant by Soundcore.

Soundcore's allocation of investment opportunities among the Funds may not always, and often will not, be proportional. Therefore, such allocations may be more advantageous to one Fund relative to another Fund. While Soundcore will allocate investment opportunities in a way that it believes in good faith is fair and equitable to each Fund, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the potential conflicts of interest did not exist. It is Soundcore's policy to allocate follow-on investments to the Fund that owns the applicable portfolio company. If a follow-on investment is to be made in a portfolio company owned by more than one Fund, such follow-on investment may be made in the same proportions as the original investment, unless Soundcore determines another proportion is appropriate. As a result of the foregoing policies, one Fund may invest in opportunities that another Fund has declined or may decline to invest in opportunities in which another Fund has invested. Where necessary, Soundcore may consult with and/or receive consent to conflicts from the requisite percentage interest of investors in, or an advisory board consisting of, investors in the applicable Funds and/or co-investment vehicles.

*Certain Consultants.* The General Partners, the Funds and the portfolio companies may from time to time retain other companies and individuals ("Special Consultants"), which may be affiliates or employees of Soundcore, employees of Soundcore affiliates, portfolio companies, Funds, third party consultants (including consultants and external executives), Operating Partners, "strategic partners," "executive partners" or "senior advisors." The Special Consultants may be engaged to provide services to, or in connection with, the Funds in relation to their 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 (“Services”).

Pursuant to the relevant Governing Documents, fees and expenses associated with the Services (collectively “Consulting Fees and Expenses”), may be paid and/or reimbursed by applicable portfolio companies and/or the Fund. Consulting Fees and Expenses may, at the discretion of Soundcore taking into account the particular Services, include a profits or equity interest in a portfolio company or in the General Partner or other incentive-based compensation to the Special Consultant, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, 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. Additionally, portfolio companies may provide opportunities for Special Consultants to invest in such portfolio company and reimburse costs and expenses incurred by Special Consultants. Special Consultants also may receive remuneration from the General Partner and/or the Fund or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to a Special Consultant will not offset the Management Fee. Special Consultants may have a limited partnership or profit interest in a Fund, the General Partner, or an affiliate of the General Partner. Although the General Partners intend to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, Soundcore intends to retain only such Special Consultants which 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 provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, portfolio companies of one Fund may pay Special Consultants to perform Services that, directly or indirectly, benefit Soundcore, its affiliates and/or portfolio companies of other Soundcore Funds. Consequently, Soundcore, its affiliates and/or portfolio companies may receive Services without being charged or at below market rates. Conversely, portfolio companies of one Fund may also benefit from Services that are paid for by Soundcore, its affiliates and/or portfolio companies of other Soundcore Funds.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Fund. When estimating fair market value, Soundcore will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise

of discretion in valuation by Soundcore may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

*Co-Investments.* Soundcore may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by Soundcore in its sole discretion; provided, however, that certain investors are expected to be granted certain preferential co-investment rights, including a right of first refusal with respect to any co-investment opportunities. Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by Soundcore in its sole discretion, may not be in the best interests of a Fund or any individual limited partner. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, Soundcore will consider some or all of a wide range of factors, which may include: (i) the ability of a person to react promptly to co-invest opportunities; (ii) any strategic advantages that may result from a person's participation in a co-investment opportunity; (iii) a person's commitment to the Funds; (iv) and/or the likelihood that a person may invest in a future fund sponsored by Soundcore. Soundcore may also, in its sole discretion, charge a Management Fee and obtain a Carried Interest in respect of any such co-investment. Since co-investments will not be made through a Fund, any compensation received in connection with a co-investment does not arise out of the investment activities of a Fund or actions taken directly or indirectly by Soundcore on behalf of such Fund and, therefore, none of the fees and other co-investor-related compensation reduces the Management Fee paid by such Fund. 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 Fund. In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket expenses and/or breakup fees, costs and expenses relating to such unconsummated transaction may be borne by the Fund, and not by any prospective or expected co-investors, subject to any restrictions set forth in the Governing Documents.

Co-investments with third parties through partnerships, joint ventures or other entities or arrangements 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 a Fund, may have financial difficulties (which may increase the possibility of default), or may be in a position to take (or block) action contrary to the investment objectives of a Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such co-investments, including incentive compensation arrangements. There can be no assurance that the Fund's return from a transaction would be equal to, and no less than, the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Soundcore 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 limited partners. When and to the extent that Soundcore employees and related persons make capital investments in or alongside a Fund, Soundcore is subject to conflicting interests in connection with these investments. The Firm's allocation of co-investment opportunities among the parties and in the manner discussed herein may not, and often will not, result in proportional allocations among such parties, and such allocations may be more or less advantageous to some such parties relative to others.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by (i) Soundcore employees, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of a Fund and/or its General Partner and cause significant losses to such Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to a Fund. Soundcore has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

*Employees and Service Providers.* Soundcore may, from time to time, employ personnel with pre-existing ownership interests in, or who were employed by portfolio companies owned by, a Fund; conversely, former personnel or executives of Soundcore may serve in significant management roles at portfolio companies or service providers recommended by Soundcore. Similarly, Soundcore and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. 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, Soundcore or the Funds. Soundcore may have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by such Fund 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 Soundcore advises, will provide Soundcore information about markets and industries in which it operates (or is contemplating operations) or will provide other services that are beneficial to Soundcore. Soundcore may have a conflict of interest in making such recommendations, in that it has an incentive to maintain goodwill between itself 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.

Over the life of a Fund, Soundcore generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contracts for services with various service providers, potentially including, among others: (i) Soundcore (or an affiliate, which may include other portfolio companies of a Fund) and at rates determined or substantively influenced by Soundcore; (ii) an entity with which Soundcore or its affiliates or current or former members of their personnel has a relationship or from which such person derives a financial or other benefit; or (iii) a limited partner or its affiliates. This subjects Soundcore to potential conflicts of interest because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, the Firm may have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that the Firm, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Soundcore or the Funds), may favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not Soundcore has a relationship with or receives financial or other benefits 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.

*Agreements with Certain Investors.* Soundcore may enter into a side letter or other similar agreement with a particular limited partner in connection with its admission to a Fund without the approval of any other limited partner, which would have the effect of establishing rights under, altering or supplementing the terms of, or confirming the interpretation of an applicable Fund document (including the Governing Documents and any related subscription agreement) with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners, and such rights may be significant. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse, veto rights, exclusion or withdrawal rights applicable to particular investments or limited partners (which may increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, certain investments); (ii) reporting obligations of Soundcore; (iii) waiver of certain confidentiality obligations; (iv) consent of Soundcore to certain transfers by such limited partner; (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such limited partner; or (vi) reductions to Management Fees or Carried Interest for select limited partners.

*Disclosure of Confidential Fund and Investor Information.* The limited partners are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding the Funds, its investments and its investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. A Fund may incur expenses in connection with responding to any such disclosure

requests, even if the Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the limited partners will have pursuant to the Governing Documents to maintain the confidentiality of the Fund information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. Soundcore may also in certain circumstances, in an effort to protect any such potential disclosure, withhold all or any part of the information otherwise to be provided to such limited partner, as more fully described in the relevant Governing Documents. There can be no assurance that such information will not be disclosed by a Fund, its General Partner, Soundcore, their affiliates and personnel, portfolio companies or services providers to any of them including, without limitation, to comply with laws, regulations or policies to which they are or may become subject. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act the SEC has authority to require private equity fund advisers, such as Soundcore, to file additional reports with the SEC regarding their Funds and investment activities. Any public disclosure of Fund information could have an adverse effect on the Funds and their investors, for example, by affecting a Fund's competitive advantage in finding attractive investment opportunities.

*Industry Relationships.* As with other private equity fund sponsors, as part of Soundcore's business, the Managing Partners, Soundcore and its employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Soundcore. Certain of these third parties may: (i) introduce investment opportunities to Soundcore; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Soundcore, the Soundcore Funds, or portfolio companies of the Soundcore Funds. Such third parties may also provide goods or services to or have business, personal, political, financial or other relationships with the Managing Partners. In addition, such third parties may invest in one or more Soundcore Funds; co-invest in one or more of their portfolio companies of the Soundcore Funds, or provide other significant business or investment services to Soundcore, the Soundcore Funds and/or their portfolio companies. These relationships may influence the Firm in deciding whether to select or recommend any such third-party to perform services for a Fund or a portfolio company. The cost of any services provided by such third parties will generally be borne directly or indirectly by a Fund or its portfolio companies, as applicable.

*Products or Services Received by the Funds from Portfolio Companies.* From time to time, certain portfolio companies of the Funds may provide Soundcore and its affiliates with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge.

*Fees and Expenses.* The Funds will pay and bear all expenses related to their operations, including Management Fees and the costs of holding, monitoring, maintaining and disposing of portfolio companies, including investment banking fees and consulting fees, whether or not the Fund makes any profits. While it is difficult to predict the future expenses of a Fund, such expenses may be substantial and may surpass the Fund's operating income. The amount of these partnership expenses will reduce the actual returns realized by limited partners on their investment in a Fund (and may, in certain circumstances, reduce the amount of capital available to be deployed by a Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of the Fund expenses ultimately called or called at any one time may exceed expectations.

*Allocation of Expenses.* Soundcore and its affiliates may from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by the relevant Fund that participated or was expected to participate in such investment. Such Funds will typically bear a portion of any such fees, costs, and expenses in proportion to the size of its actual or proposed investment, or in such other manner as Soundcore considers, in good faith, to be fair and equitable. Although Soundcore and its affiliates will endeavor to allocate such fees, costs and expenses on a fair and equitable basis as described herein, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Any such determinations may involve inherent matters of discretion and conflicts of interest. Notwithstanding the foregoing, Soundcore and its affiliates may in the future develop policies and procedures to address the allocation of expenses that differ from its current practice.

In addition, the Funds, through portfolio companies or directly, may bear the cost, including compensation, of directors, executives or consultants to portfolio companies, which may include former senior principals or employees of Soundcore, in connection with management or consulting services provided by such persons. Any such cost will generally not offset Management Fees paid to Soundcore. Because such persons are former senior principals or employees of Soundcore, Soundcore could have a potential conflict of interest in approving such arrangement, although it seeks to do so generally at market rates for the services provided. There can be no assurance, however, that such rates are the lowest cost available.

*Fees from Portfolio Companies.* Soundcore, the General Partners, the Managing Partners or any of their respective affiliates, subject to certain limitations, may earn directors' fees, advisory fees, management fees, consulting fees, investment banking fees, monitoring fees, broker's and finder's fees, transaction fees, commitment, topping, break-up fees and litigation payments or equivalent compensation, from portfolio companies and from other persons or entities in connection with potential or actual portfolio investments and such fees shall be for the sole account of Soundcore, the General Partners, the

Managing Partners or any of their respective affiliates. Such fees may create a conflict of interest with respect to the role of Soundcore, the General Partners, the Managing Partners or any of their respective affiliates in connection with the Fund. Except for the Management Fee offset described in Item 5 above, limited partners will receive no benefit from such fees.

Soundcore may have the right to appoint portfolio company board members (including current or former Soundcore personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to Soundcore in connection with services provided by Soundcore and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the offset provisions, are in addition to the Management Fee or Carried Interest discussed in Item 5 and 6 above. Soundcore's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to Soundcore subjects it and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse Soundcore or service providers retained at its discretion for expenses (including travel expenses) incurred by the Firm or such service providers in connection with the performance of services for such portfolio company. This subjects Soundcore to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the relevant Governing Documents and its internal reimbursement policies and practices, Soundcore determines the amount of these reimbursements for such services in its own discretion.

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

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

For information regarding the types of securities and portfolio companies in which Funds invest, please see Item 4.B and Item 8.A, above.



## **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client’s or prospective client’s evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Like other registered investment advisers, Soundcore is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor’s evaluation of Soundcore or the integrity of Soundcore’s management. Soundcore and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Neither Soundcore nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

Neither Soundcore nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading adviser

- 5. Banking or thrift institution**
- 6. Accountant or accounting firm**
- 7. Lawyer or law firm**
- 8. Insurance company or agency**
- 9. Pension consultant**
- 10. Real estate broker or dealer**
- 11. Sponsor or syndicator of limited partnerships.**

Soundcore does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its clients. However, some of these professionals may become limited partners in Soundcore Funds, either personally or through their company.

As described above in Item 4, Soundcore is affiliated with the Funds' General Partners which are deemed registered with the SEC under the Advisers Act pursuant to Soundcore's registration. These affiliated entities operate as a single advisory business together with Soundcore and serve as the General Partner, affiliate or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants, Third-Party Professionals, Operating Partners or persons occupying similar positions. Similarly, Soundcore is also affiliated with its relying adviser, Soundcore Capital Management, LLC, who together rely on Soundcore's registration with the SEC and share common owners, officers, partners, employees, consultants or persons occupying similar positions. These affiliated entities do not have employees of their own.

Soundcore has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other personal services. Some of these professionals may provide services to the Funds or their portfolio companies.

From time to time, Soundcore may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will Soundcore accept any benefits, gifts or other arrangements that are conditioned on directing individual Fund transactions to a specific investment, product or provider. Similarly, Soundcore employees may speak at conferences and programs for potential investors interested in investing in private funds that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction events, prospective investors have the opportunity to meet with Soundcore. Neither Soundcore nor any Fund compensates broker-dealers for organizing such events or for investments ultimately made by prospective investors attending such events.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Soundcore does not recommend or select other investment advisers for the Funds.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC Rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

Pursuant to Rule 204A-1 of the Advisers Act, Soundcore has adopted a written code of ethics (“Code of Ethics” or the “Code”) that sets forth standards of conduct expected of supervised persons and addresses conflicts that can arise from personal trading. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm’s interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws.

Employees are required to certify to their compliance with the Code of Ethics on an annual basis. Employees who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the Code of which they become aware.

Soundcore will provide a copy of its Code of Ethics to any existing or prospective investor upon request to Soundcore’s Chief Compliance Officer, Arthur Zuckerman, (212) 812-1180 or [info@soundcorecap.com](mailto:info@soundcorecap.com).

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Certain Soundcore employees and family members of Soundcore employees have invested in the Funds through the General Partner and/or as investors. Soundcore may reduce all or a portion of the Management Fee (for those Funds paying Management Fees) and Carried Interest related to investments held by such persons.

Soundcore will not affect any principal or agency cross securities transactions for Funds without the proper consent of the relevant advisory board, as applicable. Principal transactions are generally

defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to any advisory client. This prohibition extends to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser). The SEC also views cross trades between Funds to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either Fund. In the context of Soundcore's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future Fund or selling a portfolio company from one Fund to another. Agency cross transactions occur when an adviser arranges a transaction between two or more different funds or accounts that are managed by that same adviser (or an entity controlling, controlled by, or under common control of that adviser). Agency cross transactions may also arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. In the context of Soundcore's business, an agency cross transaction could occur when selling a portfolio company, investment or other asset from one Fund to another.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

The personal trading policy for Soundcore supervised persons is set forth in Soundcore's Code of Ethics and is acknowledged as received and understood by each supervised person. Soundcore's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons in no respect misappropriate any benefit properly belonging to a Fund.

Soundcore's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Soundcore maintains a restricted list of issuers about which it has or may have material nonpublic information. Pre-clearance is required by supervised persons for certain personal securities transactions, including such restricted list securities, initial public offerings and certain limited offerings. In addition, supervised persons are required to file certain reports and submit their brokerage account statements to the Chief Compliance Officer for review.

The Managing Partners and employees of Soundcore may carry on investment activities for their own account and for family members or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. In addition, principals, employees and affiliates may buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Because of the private nature of its portfolio investments, Soundcore does not typically face a situation where an employee buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for the Funds. In the event this were to occur, the employee would be required to seek pre-approval from the Chief Compliance Officer for such transaction.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

Generally, Soundcore focuses on securities transactions of private companies and purchases and sells such companies through privately negotiated transactions. In pursuing privately negotiated transactions, Soundcore may engage the services of a broker-dealer or investment banker in connection with the purchase and sale of a portfolio investment. Whether for private or public securities transactions, Soundcore selects a broker-dealer or investment banker with the overall aim of maximizing returns for the client.

Selection of a broker-dealer or investment banker is based on Soundcore's judgment regarding a variety of factors which will not be limited solely to ultimate deal price, and including but not limited to: Soundcore's prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to the Firm; the broker-dealer or investment banker's expertise in dealing with investments that may be restrictive or illiquid in nature; and the commission rates, among other factors.

Although Soundcore generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker may thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

1. ***Research and Other Soft Dollar Benefits.*** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

Soundcore does not receive research or other soft dollar benefits in connection with securities transactions for the Funds.

2. ***Brokerage for Client Referrals.*** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

Soundcore does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds.

3. **Directed Brokerage.**

Soundcore does not engage in directed brokerage.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

Soundcore does not aggregate the purchase or sale of securities for client accounts.

## **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly Soundcore’s review of them is not directed toward a short-term decision to dispose of securities. Soundcore closely monitors the portfolio companies of its Funds; a team of investment professionals reviews each Fund’s portfolios on an ongoing basis. These reviews include, without limitation, sales trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape and management. The team generally includes principals and other investment professionals of Soundcore.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

The Investment Committee would perform additional reviews in the event that a portfolio company needed subsequent financing, in the event of a potential acquisition or liquidity event, or if there were a serious performance issue.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Soundcore provides to limited partners on behalf of its Funds the following written reports: (i) audited financial statements prepared in accordance with generally accepted accounting principles (“GAAP”), accompanied by the report of the independent certified public accountant, within 120 days of fiscal year end; (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) annual tax information necessary for the completion of tax returns (K-1); and (iv) a statement of the determination of the value of each of investment as of the end of the preceding calendar year.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to their investments. Soundcore responds to these requests, and in answering such requests, provides information that is not generally made available to other investors who have not requested such information. Additionally, upon request, certain limited partners may receive additional information and reporting that other investors may not receive. The Firm also has contact with limited partners (personal visits, telephone, email) throughout the year as conditions warrant.

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

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

As described in Item 5 above, Soundcore receives certain supplemental fees and reimbursements from the portfolio companies held by the Funds, as described in Items 5 and 8 above. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that Soundcore believes will ultimately enhance the value of the companies and benefit the Funds and their limited partners.

These types of arrangements present potential conflicts of interest and provide Soundcore with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict, for those Funds which pay Management Fees, such benefits received by Soundcore or its employees in connection with services rendered to portfolio

companies or transactions of such Funds are offset in part against Management Fees payable by such Funds, to the extent described above and detailed in each Fund's Governing Documents.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

When raising capital for a new Fund, Soundcore typically engages the services of a registered broker-dealer to serve as placement agent for Fund units. Fees for the placement agent include a scaled placement fee based on a percentage of capital commitments from limited partners in excess of a stated threshold, in each case, only with respect to capital raised from specified limited partners for which placement agent fees may be paid pursuant to applicable law. Placement agent fees are payable by the Funds and any such fees paid offset the Management Fee on a dollar-for-dollar basis, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund as part of its Organizational Expenses. All placement agents engaged by Soundcore are registered broker-dealers.

### **Item 15 – Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

Advisers Act Rule 206(4) (the "Custody Rule") requires that pooled investment vehicles which Soundcore advises either undergo an annual audit pursuant to GAAP by a Public Company Accounting Oversight Board ("PCAOB") registered auditing firm or be subject to a surprise custody examination, also by a PCAOB registered auditing firm. Soundcore is deemed to have custody of the Funds' assets because of its affiliation with each Fund's General Partner and the General Partners' ability to deduct fees from Fund accounts. In order to comply with the Custody Rules, Soundcore has elected to undergo an annual GAAP financial statement audit by a PCAOB registered auditing firm for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective limited partners within 120 days of fiscal year end.

Soundcore does not, however, accept physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent or wired into the relevant Fund's qualified custodial account. Soundcore receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about Soundcore's qualified custodians, please see Form ADV Part 1, Schedule D, 7.B.(1).



## **Item 16 – Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Soundcore generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to limited partners in the Funds individually. To become a limited partner in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement with such Fund. Such documents generally contain a power of attorney that grants Soundcore or its General Partner certain powers related to the orderly administration of the affairs of the Funds. Once an investor executes these documents, Soundcore is not required to contact such limited partner prior to transacting business in such Fund.

A limited partner may impose limitations on Soundcore's authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed by a limited partner must be presented to Soundcore in writing and agreed to by Soundcore and such limited partner. Other limited partners meeting certain commitment thresholds may be provided with notification provisions regarding such side letter agreements but are not provided with consent rights over such side letter agreements.

## **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

By virtue of the applicable Governing Documents, Soundcore has the authority to vote client proxy statements on behalf of the Funds. The majority of "proxies" received by Soundcore, however, are written shareholder consents or similar instruments for private companies owned by the Funds. As such, Soundcore has adopted proxy voting policies and procedures pursuant to SEC Rule 206(4)-6. Soundcore's proxy policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Soundcore generally believe its interests are aligned with those of the Funds' limited partners through the Managing

Partners' beneficial ownership interests in the Funds. However, in the event that there is or may be a conflict of interest in voting proxies, Soundcore's proxy policy provides that the Firm address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory board on the proposed proxy vote, or through other alternatives as set forth in Soundcore's proxy policy. Limited partners in the Funds cannot direct how Soundcore votes proxies nor is Soundcore required to seek limited partner approval or direction from limited partners when voting proxies.

Firm principals and affiliated or unaffiliated third parties appointed by Soundcore often sit on the boards of portfolio companies to which Soundcore provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. Soundcore does not consider service on portfolio company boards by Soundcore personnel and affiliated and unaffiliated third parties appointed by Soundcore or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

Soundcore will provide a copy of its proxy voting policy to investors upon request to Arthur Zuckerman, Chief Compliance Officer, at (212) 812-1180 or [info@soundcorecap.com](mailto:info@soundcorecap.com). Investors can also obtain information from the Firm, free of charge, about how Soundcore voted any previous proxies, if any.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

This Item is not applicable to Soundcore.

## **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Soundcore does not require prepayment of more than \$1,200 in fees per client six months or more in advance.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

Soundcore has no financial condition that impairs its ability to meet contractual and fiduciary commitments to limited partners.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Soundcore has not been the subject of a bankruptcy petition.

# SOUNDCORE

## CAPITAL PARTNERS

600 Madison Avenue  
20<sup>th</sup> Floor  
New York, NY 10022

Contact: Arthur Zuckerman  
Email: [info@soundddcorecap.com](mailto:info@soundddcorecap.com)  
Telephone: (212) 812-1180

**June 26, 2018**

This Brochure Supplement provides information about Soundcore Capital Partners, LLC (“Soundcore”) that supplements the Soundcore Brochure. Please contact us at (212) 812-1180 or [info@soundcorecap.com](mailto:info@soundcorecap.com) if you did not receive Soundcore’s Brochure or if you have any questions about the contents of this supplement.

Additional information about Soundcore is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Jarrett R. Turner**

Year of Birth: 1981

Managing Partner

600 Madison Avenue

20th Floor

New York, NY 10022

(212) 812-1180

**Item 2 – Educational Background and Business Experience**

Jarrett R. Turner is a Managing Partner and Founder of Soundcore. Mr. Turner is involved in all aspects of the Firm's activities, including fundraising, investor relations, and leading the investment and portfolio company functions.

Prior to founding Soundcore in 2015, Mr. Turner was a Senior Manager of Investments in the private equity division with Sumitomo Corporation of Americas, an international holding company. Previously, Mr. Turner was with Sun Capital Partners, a private equity firm, where he was involved with numerous transactions, including acquisitions, mergers, recapitalizations, financings, divestitures, and exits. Before that, Mr. Turner was with Clearview Capital, a middle market private equity firm, and earlier in his career, was with Fifth Street Capital, a middle market mezzanine fund, now part of Fifth Street Asset Management, a credit-focused asset manager, which is now a part of Oaktree Capital Management, L.P. Mr. Turner began his career in the investment banking division of the Royal Bank of Scotland.

Mr. Turner currently serves on the Board of Directors of several Soundcore portfolio companies.

He is a member of the Board of Trustees of the Madison Square Boys & Girls Club; a member of the Colgate University Membership Council - The Board of Directors of the Colgate University Alumni Corporation; is a Chairman of the Colgate Gift Committee; and formerly served as a member of the Board of Trustees for Nest, a global micro-finance nonprofit.

Mr. Turner received a Bachelor of Arts degree in Political Science from Colgate University.

**Item 3 – Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Turner.

**Item 4 – Other Business Activities**

Mr. Turner serves on the Board of Directors of several Soundcore portfolio companies. Mr. Turner's appointment on such boards has been designated in the best interest of the Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interests may arise between Mr. Turner's fiduciary duties to the portfolio

company on which he serves and his duty to Soundcore, as decisions that are in the portfolio companies' best interest may possibly not be in Soundcore's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, appropriate measures have been taken whereby Mr. Turner may recuse himself in such circumstances from the decision making process.

As mentioned above, Mr. Turner is engaged in outside business activities, none of which creates a conflict of interest with Soundcore or its Funds.

#### **Item 5 – Additional Compensation**

Mr. Turner does not receive an economic benefit for providing advisory services, other than his share of carried interest distributions and his participation in Soundcore's net fee income.

#### **Item 6 – Supervision**

For compliance matters, Mr. Turner is supervised by Soundcore's Chief Compliance Officer, Arthur Zuckerman, who may be reached at (212) 812-1180 or [azuckerman@soundcorecap.com](mailto:azuckerman@soundcorecap.com). For investment matters, the relevant investment committee of each Fund is responsible for approving and monitoring all investments.

**Feliks Zarotsky**

Year of Birth: 1986

Managing Partner

600 Madison Avenue

20th Floor

New York, NY 10022

(212) 812-1180

**Item 2 – Educational Background and Business Experience**

Feliks Zarotsky is a Managing Partner of Soundcore Capital Partners where he is involved in all aspects of the Firm's activities, including leading new investments, portfolio monitoring, fundraising, and investor relations.

Prior to joining Soundcore in 2016, Mr. Zarotsky was a Vice President at Tower Three Partners, a middle market private equity firm. Previously, Mr. Zarotsky was a Senior Associate at Sun Capital Partners. At both Tower Three and Sun Capital, he evaluated, executed, and managed multiple private equity investments across a variety of industry verticals. Earlier in his career, Mr. Zarotsky served as an Investment Banking Analyst in the Financial Sponsors/Leveraged Finance Group at Oppenheimer & Co., where he focused on leveraged buyouts, mergers and acquisitions, and debt financings across multiple industries.

Mr. Zarotsky serves on the Board of Directors of several Soundcore portfolio companies. He formerly served on the Board of Directors of Teters Floral Products, Inc., a Tower Three Partners portfolio company.

Mr. Zarotsky received a Bachelor of Science degree in Finance & International Business from The Stern School of New York University.

**Item 3 Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Zarotsky.

**Item 4 – Other Business Activities**

Mr. Zarotsky serves on the Board of Directors of several Soundcore portfolio companies. Mr. Zarotsky's appointment on such boards has been designated in the best interest of the Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interests may arise between Mr. Zarotsky's fiduciary duties to the portfolio company on which he serves and his duty to Soundcore, as decisions that are in the portfolio companies' best interest may possibly not be in Soundcore's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned;

however, appropriate measures have been taken whereby Mr. Zarotsky may recuse himself in such circumstances from the decision making process.

#### **Item 5 – Additional Compensation**

Mr. Zarotsky does not receive an economic benefit for providing advisory services, other than his share of carried interest distributions and his participation in Soundcore's net fee income.

#### **Item 6 – Supervision**

For compliance matters, Mr. Zarotsky is supervised by Soundcore's Chief Compliance Officer, Arthur Zuckerman, who may be reached at (212) 812-1180 or [azuckerman@soundcorecap.com](mailto:azuckerman@soundcorecap.com). For investment matters, the relevant investment committee of each Fund is responsible for approving and monitoring all investments.



**Arthur Zuckerman**

Year of Birth: 1959

Chief Compliance Officer and Chief Financial Officer

600 Madison Avenue

20th Floor

New York, NY 10022

(212) 812-1180

**Item 2 – Educational Background and Business Experience**

Mr. Zuckerman serves as Chief Compliance Officer and Chief Financial Officer of Soundcore as well as the Head of Portfolio Operations. Having joined the Firm in 2015, he is responsible for compliance, overall accounting, tax, and financial reporting, as well as managing strategic projects and portfolio operations and integration.

Prior to joining Soundcore, Mr. Zuckerman served as a Partner, Chief Operating Officer and Chief Compliance Officer at Avista Capital Partners where he oversaw and managed the firm's accounting, finance, legal, compliance, IT, HR and facilities departments. Before joining Avista, he was the CEO and Managing Partner of the TriCycle Group, an operations and compliance consulting group for private equity firms. Prior to that role, Mr. Zuckerman served as CFO of the Private Equity Group at Evercore Partners, as well as the Chief Technology Officer of Credit Suisse's Alternative Asset Division and the CFO of The Sprout Group.

Mr. Zuckerman is currently an Associate Board Member of the Private Equity Chief Financial Officer Association.

Mr. Zuckerman received a Master of Business Administration in Accounting and Finance from Columbia University and a Bachelor of Science from the University of Pennsylvania.

**Item 3 – Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Zuckerman.

**Item 4 – Other Business Activities**

Mr. Zuckerman is not engaged in any outside investment-related business which would create a conflict of interest with Soundcore or its Funds.

**Item 5 – Additional Compensation**

Mr. Zuckerman does not receive an economic benefit for providing advisory services, other than the regular salary and bonus paid by Soundcore and his share of carried interest distributions.

## **Item 6 – Supervision**

For compliance matters, Mr. Zuckerman is supervised by Soundcore’s Managing Partner, Feliks Zarotsky, who may be reached at (212) 812-1180 or [fzarotsky@soundcorecap.com](mailto:fzarotsky@soundcorecap.com).