

Lorient Capital Management, LLC

PART 2A OF FORM ADV: FIRM BROCHURE

**55 W. Maple Road
Birmingham, MI 48009**

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This brochure provides information about the qualifications and business practices of Lorient Capital Management, LLC. If you have any questions about the contents of this brochure, please contact David Vermiglio at (248) 590-0698 or dvermiglio@lorientcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Lorient Capital Management is available on the SEC’s website at www.adviserinfo.sec.gov.

Any reference to Lorient Capital Management as a “registered investment advisor”, “registered” or an “RIA” simply means the adviser is registered with the SEC and implies no qualification as to its skill and training in the business of investment management.

Item 2: Material Changes

Lorient Capital Management is filing this initial Form ADV Part 2A as part of its transition registration with the SEC as the Firm is no longer able to claim the private fund exemption.

In the future, this Item 2 will discuss material changes that have been made since the last annual filing.

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Item 4: Advisory Business

Item 4.A.

Lorient Capital Management, LLC (“**Lorient**” or the “**Firm**”) is a Delaware limited liability company. The Firm’s principal place of business is located in Birmingham, Michigan. As indicated on the Firm’s Form ADV Part 1A, the Firm’s principal owners are Mark Mitchell, David Berman, Jordan Broome, and Brian Rath (the “**Principals**”).

Item 4.B.

Lorient is an investment management firm that provides advisory services on a discretionary basis to pooled investment vehicles: Lorient Healthcare Fund, LP (the “**Healthcare Fund**”) and Lorient Healthcare Parallel Fund, LP (the “**Parallel Fund**”), which are Delaware limited partnerships (together, the “**Funds**”), and Lorient Centria Group Investment LLC (“**Centria**”) and Lorient ClearGage LLC (“**ClearGage**”), Delaware limited liability companies (together, the “**Co-investment Vehicles**,” and collectively with the Funds, “**Advisory Clients**”).

The Firm’s Advisory Clients will primarily seek control investments in the form of equity securities of “micro” middle-market growth companies operating in the healthcare services industry, with a particular focus in the areas of physician practice management, post-acute care, behavioral health, and business process outsourcing. Subscriptions in the Advisory Clients are advised by Lorient and are limited to sophisticated investors.

Item 4.C.

The Firm’s advisory services provided to its clients are pursuant to the relevant offering documents and based on the specific investment objectives and strategies as disclosed therein. Investors cannot obtain services tailored to their individual specific needs.

Item 4.D.

Not applicable. Lorient does not participate in a wrap fee program.

Item 4.E.

As of March 31, 2019, Lorient managed approximately \$178,808,451 in regulatory assets under management on a discretionary basis. Lorient does not intend to manage any assets on a non-discretionary basis.

Item 5: Fees and Compensation

Item 5.A.

The Funds generally will pay a quarterly management fee to Lorient Healthcare GP, LLC, the Funds' General Partner (the "**General Partner**") payable in advance at the beginning of each calendar quarter. The quarterly management fee will be equal to 0.50% (i.e., 25% of an annual rate of 2.0%) of the capital commitments as of the first day of the calendar quarter ("**Management Fee**"). Notwithstanding the foregoing, the annual management fee may be reduced or waived by the Firm or its General Partner in its discretion. In addition to the Management Fee, the General Partner (or a principal of the General Partner) may receive a fee in connection with an investment by the Funds (e.g., a loan commitment fee) or for ongoing services to a company that is an investment of the Funds (e.g., director fees for serving as a director of a portfolio company).

At the end of each fiscal year, the General Partner will receive an annual incentive allocation of the Funds' net profits equal to an aggregate amount of 20% of the net profits attributable to each investor's account, if any, subject to a modified loss carryforward provision (the "**Incentive Allocation**").

The Management Fee otherwise payable by the Funds to the General Partner shall be offset by the following: (1) first, any cash or other compensation paid during the preceding quarter by or in connection with any investments in the Funds as previously described ("**Offset Fees**") shall not be applied to reduce the Management Fee until for any fiscal year Offset Fees equal an amount of \$3,500,000; (2) second, after the \$3,500,000 threshold is reached, 80% of the additional offset fees received shall be applied to reduce the Management Fee, until such time as 50% of all Offset Fees received for such fiscal year and all prior fiscal years have been applied to reduce Management Fees; and (3) thereafter, an amount equal to 50% of any additional Offset Fees shall be applied to reduce the Management Fee for such fiscal year.

Lorient may also receive a monthly Management Fee for certain management, consulting, and financial advisory services provided to third party companies (the "**Companies**") owned by an entity which is owned by persons related to principals of the Firm.

Certain investments provide equity ownership interests to entities owned or related to principals of the adviser who will receive a carried interest upon disposition of the assets.

Item 5.B.

The Advisory Clients' administrator (the "**Administrator**"), will deduct the fees discussed in Item 5.A.

The Firm will bill the Companies for fees discussed above in connection with the management and financial services it provides.

Item 5.C.

From the Management Fee, the General Partner will pay all expenses arising from the ordinary operations and overhead of the General Partner. The Funds will be responsible for all other expenses of the Funds and the General Partner, including, but not limited to, expenses incident to the organization of the Funds and the General Partner, costs incurred in the investigation, purchase, holding, sale or exchange of securities (whether or not such purchases or sales are ultimately consummated), and all third party legal, audit and accounting fees, banking, consulting, registration, insurance, indemnification, partner communications and meetings expenses, financial fees, and any extraordinary expenses of the Funds. The Funds will also bear all costs and expenses related to the liquidation of the Fund's assets upon termination of the Funds.

In addition to the Management Fee, the Companies will pay or reimburse Lorient for any and all reasonable and customary out-of-pocket costs and expenses paid to third parties in connection with the performance of its duties.

Item 5.D.

The Funds will pay a quarterly management fee to the General Partner payable in advance at the beginning of each calendar quarter.

Item 5.E.

Not Applicable. Neither Lorient, nor its supervised person, are compensated for the sale of securities or other investment products or mutual funds. Additionally, Lorient does not charge commissions or markups in addition to advisory fees.

Item 6: Performance-Based Fees and Side-by-Side Management

Please see response to Item 5.A. above. Additionally, the existence of the Incentive Allocation, as discussed in response to Item 5.A., may create an incentive for the Firm to be more aggressive than would be the case in the absence of the performance-based fee.

Neither Lorient nor its supervised persons manage accounts in a similar strategy that are charged a performance-based fee along side accounts that are not charged a performance-based fee.

Item 7: Types of Clients

Lorient provides advisory services to pooled investment vehicles whose investors are high-net worth individuals and institutions. The respective minimum investment size per investor is generally \$1,000,000.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Item 8.A.

The Firm will advise its Advisory Clients in accordance with its core investment strategy, which is investing in equity securities of “micro” middle-market companies operating within the healthcare sector, targeting the sub-sectors of physician practice management, post-acute care, behavioral health, and outsourcing. The clients advised by the Firm will only invest in companies that are headquartered and/or conduct principal business activities in the United States. The Firm will typically pursue control or shared-control investments for the Advisory Clients in growth-oriented companies (typically \$5 to \$10 million in EBITDA), as well as opportunities to create a platform through integrating smaller businesses within fragmented markets. Investments are expected to be in the range of \$20 to \$80 million in enterprise value with the goal of completing approximately 7 to 8 investments over the lifetime of the Advisory Clients. The Firm seeks to limit the percentage of the concentration of a single portfolio company in the Advisory Clients at 25% of total commitments, and leverage co-investment opportunities with our investors to complete larger transactions as needed.

The Firm seeks to maintain a strong focus on sourcing opportunities for the Funds with attractive valuations and limited competition, backed by diligent initial investment underwriting and third-party due diligence. In addition, the Firm seeks to employ creative deal structuring to construct risk-profiles with robust downside protection for the Funds with the intent to invest both in common, as well as structured equity to accomplish these goals.

Investing in securities involves risk of loss that clients should be prepared to bear.

Items 8.B. and 8.C.

An investment in the Firm’s Advisory Clients involves a variety of risks that each prospective investor should carefully consider before making a decision to acquire interests, including risks customarily associated with investing in equity securities. The following is a brief description of some factors that prospective investors in the Fund should consider. Other factors may also be material to such investors, and a prospective investor should evaluate the amount of assets that it wishes to allocate to each Advisory Client.

Investment Risks

Inherent Risk in Private Company Investments. The types of investments that the Firm anticipates the Advisory Clients will make involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that investors will be adequately compensated for the risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Advisory Clients' terms, while successes often require a long maturation.

Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. In addition, the markets that such companies target are highly competitive, and, in many cases, the competition consists of larger companies with access to greater resources. The number of companies that survive and prosper can be small.

Investments in more mature companies also involves substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These initiatives involve a significant amount of change in a company and may give rise to significant problems in sales, manufacturing, and general management of these activities.

Investment in Companies Dependent Upon New Scientific Developments and Technologies. The Firm plans to focus the Advisory Clients' investing on healthcare companies. The value of the Advisory Clients' interests may be susceptible to greater risk than an investment in an investment vehicle that invests in a broader range of securities. The specific risks faced by healthcare companies include:

- Rapidly changing science and technologies;
- New competing products and improvements in existing products which may quickly render existing products or technologies obsolete;
- Exposure, in certain circumstances, to a high degree of government regulation (including reimbursement rate risk), making these companies susceptible to changes in government policy as well as failures to secure, or unanticipated delays in securing, regulatory approvals;
- Scarcity of management, technical, scientific, research and marketing personnel with appropriate training;
- The possibility of lawsuits related to patents and intellectual property; and
- Rapidly changing investor sentiments and preferences with regard to healthcare sector investments (which are generally perceived as risky).

Legal and regulatory changes could occur during the investment term that may adversely affect investors. The products of portfolio companies and some client assets may be

subject to extensive and rigorous regulation by United States local, state and federal regulatory authorities and by foreign regulatory bodies. There can be no assurance that products developed by the Advisory Clients' portfolio companies will ever be approved by such governmental authorities. Prior to the grant of marketing approvals by the U.S. Food and Drug Administration and corresponding regulatory authorities outside of the U.S., many of the products of portfolio companies may have to undergo extensive investigation and clinical trials to meet stringent safety and efficacy requirements. There have been instances when the discovery of previously unknown problems with a product, manufacturer, or facility have resulted in restrictions on the use or the manufacture of such product, including costly recalls or even withdrawal of the product from the market. Such events, whether voluntary or mandated by a regulatory authority, typically result in an immediate reduction or discontinuation of revenues from the product worldwide. If such an event were to occur, it would likely have a significant and adverse effect on the performance of a particular product or associated royalty interest and could have a material adverse effect on the aggregate performance of each Advisory Client.

The healthcare industry is dominated by large multi-national corporations with substantially greater financing and technical resources than generally will be available to the Funds' portfolio companies. Such large corporations may be better able to adapt to the challenges presented by continuing rapid and major scientific, regulatory, and technological changes, as well as related changes in governmental and third-party reimbursement policies. The success of many of the Advisory Clients' portfolio companies will potentially be dependent upon governmental and third-party reimbursement policies that are under constant review and are subject to change at any time. Any such change could adversely affect the viability of one or more portfolio companies. In addition, within the healthcare and wellness industry, the development of products generally is a costly and time-consuming process. Many highly promising products ultimately fail to prove safe and effective. Products under development and pre-clinical testing generally will require extensive clinical testing prior to application for commercial use. There can be no assurance that the research or product development efforts of the Advisory Clients' portfolio companies or those of their collaborative partners will be successfully completed, that specific products can be manufactured in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance. Many of the Funds' portfolio companies may depend heavily upon intellectual property for their competitive position. There can be no assurance that the Advisory Clients' portfolio companies will be able to obtain patents for key inventions. Moreover, within the life sciences / health care industry, patent challenges are frequent, and even if patents held by the Advisory Clients' portfolio companies are upheld, any challenges thereto may be costly and time consuming.

No Assurance of Returns. There can be no assurance that investors will receive distributions from the Advisory Clients in an amount equal to their investments. The timing of profit realization, if any, is highly uncertain. Investors should consider whether they are able to withstand a complete loss of their investment prior to investing.

Competitive Marketplace. The marketplace for investing in privately held companies has become increasingly competitive. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector, and the competition for investment opportunities remains high. Some of the Funds' potential competitors may have greater financial and personnel resources than Lorient. There can be no assurances that Lorient will locate an adequate number of attractive investment opportunities. To the extent that the Firm encounters competition for investments, returns to investors may be affected or vary.

Availability of Attractive Investment Opportunities. The ultimate success of the Advisory Clients will hinge on the Firm's ability to find attractive investment opportunities for them. There can be no assurances that these opportunities will be found in sufficient quantity to allow all of the capital commitments to be drawn within the investment period.

Changing Economic Conditions. The success of Lorient's investment strategy could be significantly impacted by changing external economic conditions in the United States and globally. The stability and sustainability of growth in global economies may be impacted by terrorism, acts of war, or acts of god. Changing economic conditions could potentially adversely impact the performance and valuation of portfolio holdings. In addition, the availability, unavailability, or hindered operation of external credit markets, equity markets, and other economic systems which the Funds may depend upon to achieve its objectives may have a significant negative impact on portfolio company operations and profitability. There can be no assurance that such markets and economic systems will be available as anticipated or needed for the Firm to generate positive returns for Fund investors.

Future and Past Performance. The performance of the Lorient principals' past investments is not necessarily indicative of the Advisory Clients' future results. While Lorient intends to advise its Advisory Clients to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

Bridge Financing. The Firm may advise its Advisory Clients to lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into more permanent, long-term securities; however, for reasons not always in the Firm's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Advisory Clients.

Limitations on Ability to Exit Investments. Lorient expects to exit from its investments in two principal ways: (i) private sales (including acquisitions of its portfolio companies); and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be available, or timing with respect to these exit mechanisms may be

inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

Potential Liabilities. In connection with its investments, the Firm may negotiate the right to appoint one or more of the members of the Lorient investment team as a member of a portfolio company's board of directors. Such membership on the board of directors of a company can result in the Advisory Clients or individual directors being named as defendants in litigation. The Firm may also advise the Advisory Clients to participate in portfolio company financings at valuations lower than the valuations in preceding rounds of financing. Disputes arising out of such down-round financings may result in the Advisory Clients, the General Partner, or its members being named as defendants. Typically, portfolio companies will have insurance to protect directors and officers, but this insurance may be inadequate. The Advisory Clients will also indemnify the General Partner and its investment team members, among others, for liabilities incurred in connection with operations of the Advisory Clients, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment in a portfolio company, the Firm or its clients may be required to make representations about the business and financial affairs of a portfolio company typical of those made in connection with the sale of a business. The Advisory Clients may be required to indemnify the purchasers of a portfolio company to the extent that any representations made during the transaction were inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the General Partner may establish reserves and escrows. In that regard, distributions may be delayed or withheld until the reserve is no longer needed or the escrow period expires.

Absence of Liquidity and Public Markets. The investments that the Firm anticipates making to its Advisory Clients will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Advisory Clients and no readily available liquidity mechanism at any particular time for any of the investments held by the client. In addition, the realization of value from any investments will not be possible or known with any certainty until the Firm elects, in its sole discretion, to sell the investments and subsequently distribute the proceeds to investors or to distribute securities to investors in lieu of cash.

No Market; Illiquidity of Fund Interests. An investment in the Advisory Clients advised by the Firm will be illiquid and involves a high degree of risk. There is no public market for the Advisory Clients' interests, and it is not expected that a public market will develop. Consequently, investors will bear the economic risks of their investment for the term of the Advisory Client. Prospective investors will be required to represent and agree that they are purchasing the Advisory Clients' interests for their own account for investment only and not with a view to the resale or distribution thereof.

Limited Portfolio Diversification. As is typical of firms investing in privately held companies, the portfolio holdings of the Firm's Advisory Clients will not be broadly

diversified. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to investors.

Foreign Investments. While there is no current intention to do so, the Firm may advise its clients to invest client assets in companies that are based outside of the United States or the operations of which are primarily outside of the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies, and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability, and war; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital, or on the ability of foreign persons to invest in certain types of companies, assets, or securities; risks related to the possible lack of availability of sufficient financial information as a result of accounting, auditing, and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors which may not be as comprehensive or well developed as those in the United States, and the procedures for the judicial or other enforcement of such rights which may not be as effective as in the United States; risks related to the fact that some investments may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation so that the Advisory Clients could become subject to an unanticipated local tax liability. The profits or losses of the Advisory Clients on any investment, as measured in U.S. dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, the Advisory Clients may incur costs in connection with conversions between various currencies. The Firm may or may not seek to reduce currency risks to the clients through “hedging” or other methods.

The foregoing risks do not purport to be a complete explanation of all the risks involved in acquiring an interest in the Firm’s Advisory Clients. Please review the offering materials for a more complete description and disclosure of risks associated with an investment advised by the Firm.

Item 9: Disciplinary Information

Neither Lorient nor its supervised persons has any reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A.

Not Applicable. Lorient is currently not applying to register as a broker-dealer and does not intend to.

Item 10.B.

Not Applicable at this time. Lorient, nor any of its management persons, is applying to register with the National Futures Association.

Item 10.C.

Lorient Healthcare GP, LLC serves as the General Partner to the Advisory Clients.

Item 10.D.

Not Applicable. Lorient does not recommend or select other investment advisers for its clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Item 11.A.

Lorient's Code of Ethics expands upon the topics in this section. Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following:

- Statement of the standard of business conduct.
- Limits on gifts and entertainment.
- Limits on political contributions.
- Limits on personal trading.
- Requirements to pre-clear certain purchases or sales of securities for personal accounts.
- Requirements regarding the reporting of personal holdings.
- Requirement to acknowledge, in writing, having received and read a copy of the Code of Ethics.

A copy of the Firm's Code of Ethics is available to clients and prospective clients upon request.

Item 11.B.

Instances may arise where the interest of the General Partner (or its members or managing principals) may potentially or actually conflict with the interests of the Advisory Clients and its investors. The Advisory Clients may invest in companies in which a Lorient affiliate already owns securities. Such investments may be at a higher or lower valuation than that which existed when a Lorient affiliate invested. Additionally, the Managing Principals will continue to have responsibilities with respect to the management of Mitchell Family Enterprises LLC. Therefore, such principals may have conflicts of interest in allocating time, services and functions among the Advisory Clients, the Firm, and Mitchell Family Enterprises LLC. Conflicts may also arise in the allocation of investment opportunities among the Advisory Clients, Mitchell Family Enterprises LLC, and future funds organized in accordance with the governing documents.

11.C. and 11.D.

Investment opportunities which are in the Advisory Client's investment focus and criteria are first offered to and allocated to the Advisory Client, subject to available capital,

investment restrictions and portfolio construction considerations then to other Lorient affiliates.

Item 12: Brokerage Practices

Item 12.A.1.

Lorient's advisory business generally involves privately negotiated transactions with the prospective sellers and prospective buyers. Accordingly, Lorient generally does not use, select or otherwise recommend broker-dealers or other counterparties in connection with the investment activities of its Advisory Clients. When publicly traded securities are the subject of a trade and there is a broker selection opportunity, Lorient will endeavor to select a broker or other counterparty on the basis of best execution and in consideration of various factors deemed relevant or appropriate, including, without limitation: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the broker's risk in positioning a block of securities; and (v) the competitiveness of commission rates in comparison with other brokers satisfying the four other selection criteria. Lorient may cause an Advisory Client to pay higher commissions to brokers believed to offer superior service under the circumstances, including brokers that provide investment research and analysis to their clients. Accordingly, when Lorient determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the overall services provided to its Advisory Clients, including internally-developed research and other services provided by such broker, Lorient may cause the Advisory Clients to pay commissions to such broker in an amount greater than the amount another broker might charge.

Lorient currently does not use soft dollars generated by client accounts to pay for research and/or related services provided by brokers.

Item 12.A.2.

Lorient does not participate in selecting or recommending broker-dealers in exchange for client referrals.

Item 12.A.3.

Not Applicable. Lorient does not engage in directed brokerage by its clients.

Item 12.B.

The General Partner may offer the right to participate in investment opportunities of the Advisory Clients to its investors or other private investors, groups, partnerships or corporations or other entities (including, without limitation, funds managed by some or all of the members of the General Partner); provided that opportunities which are in the

Advisory Clients' investment criteria are first offered and allocated to the Advisory Clients. The General Partner may be permitted to establish an investment vehicle in respect of such co-investments and may charge a management fee and/or carried interest with respect thereto if capital contributed by an investor in connection with co-investment opportunities will not be charged a management fee or carried interest until such aggregate contributions in connection with co-investments exceed such investor's capital commitment to the Advisory Client, after which management fees and/or carried interest may be charged.

Item 13: Review of Accounts

Item 13.A. and 13.B.

The Firm's investment team evaluates the Advisory Clients' portfolios and the Firm's investment program in accordance with each Advisory Clients' governing documents on a regular basis.

Item 13.C.

Lorient intends on providing written annual reporting to investors in the pooled investment vehicles, including K-1s, and periodic reporting based on material events in portfolio investments.

Item 14: Client Referrals and Other Compensation

Item 14.A.

Not Applicable. Lorient does not receive any economic benefits from a third-party for providing advisory services.

Item 14.B.

Lorient has entered and may enter into agreements or arrangements with third-party placement agents that solicit and refer prospective eligible investors in the Fund. In consideration of such solicitation and referral services, such placement agents receive or may receive compensation from Lorient or its affiliates consisting of, among other things, a percentage of capital commitments with respect to investors referred by such placement agents. Investors will not be charged any higher or additional fees as a result of any such placement agent arrangements. In each instance, all arrangements and payments of placement agent fees will be disclosed to applicable investors.

Lorient and/or its affiliates may also pay fees to third parties for locating or sourcing potential investment opportunities and sharing information relating thereto with Lorient.

Item 15: Custody

While it is Lorient's practice not to accept or maintain physical possession of any client assets, Lorient is deemed to have custody of each Advisory Clients' securities and cash for purposes of Rule 206(4)-2 of the Advisers Act.

In order to comply with Rule 206(4)-2, Lorient utilizes the services of a bank and other qualified custodians (as defined under Rule 206(4)-2) to hold all cash and securities of the Advisory Clients (except with respect to privately offered securities). In accordance with Rule 206(4)-2, Lorient also: (1) has engaged an independent public auditor to conduct annual audits of each Advisory Client; and (2) distributes audited financial statements of the Advisory Clients that are prepared in accordance with United States generally accepted accounting principles to all investors within at least 120 days after the end of the fiscal year.

Item 16: Investment Discretion

Lorient accepts discretionary authority to manage securities accounts on behalf of clients and, therefore, determines which securities and the amounts of securities it buys and sells for its Advisory Clients.

Item 17: Voting Client Securities

The Firm does not vote proxies on behalf of any client.

Item 18: Financial Information

Item 18.A.

Not Applicable. Lorient does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Item 18.B.

Lorient is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

Item 18.C.

Not Applicable. Lorient has not been the subject of a bankruptcy petition at any time during the past ten years.