

**Item 1 – Cover Page**

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**Part 2A of Form ADV: Firm Brochure**

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**June 28, 2019**

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Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Warren Equity Partners Manager, L.P. If you have any questions about the contents of this Brochure, please contact us at (904) 746-7024 or [dahlback@warrenequity.com](mailto:dahlback@warrenequity.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.

Warren Equity Partners Manager, L.P. is an investment adviser that registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

Additional information about Warren Equity Partners Manager, L.P. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. The information set forth herein is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

**Item 2 - Material Changes**

This is the initial Brochure with the United States Securities and Exchange Commission (the “SEC”) for Warren Equity Partners Manager, L.P. (the “Adviser” or “Warren Equity”). Accordingly, there are no material changes to the Brochure.

### **Item 3 - Table of Contents**

Item 2 - Material Changes .....	ii
Item 3 - Table of Contents.....	iii
Item 4 - Advisory Business .....	4
Item 5 - Fees and Compensation .....	5
Item 6 - Performance-Based Fees and Side-By-Side Management.....	10
Item 7 - Types of Clients.....	11
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9 - Disciplinary Information.....	33
Item 10 - Other Financial Industry Activities and Affiliations.....	33
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	34
Item 12 – Brokerage Practices.....	35
Item 13 - Review of Accounts.....	36
Item 14 – Client Referrals and Other Compensation .....	36
Item 15 - Custody .....	36
Item 16 - Investment Discretion.....	36
Item 17 - Voting Client Securities.....	37
Item 18 - Financial Information .....	37

#### **Item 4 - Advisory Business**

Warren Equity Partners Manager, L.P. (the “Adviser” or “Warren Equity”), a Delaware limited partnership formed in January 2018 is an investment advisory firm with its headquarters in Jacksonville Beach, Florida, and an office in New York, New York. The Adviser is led and managed by Steven Wacaster, Scott Bruckmann, and Henrik Dahlback (the “Founding Partners” or “Principals”).

The Adviser is a private equity firm and invests in lower middle market operating companies. The Adviser provides investment advisory, management and other services on a discretionary basis to private investment funds (each a “Fund”, “Client”, or “Partnership,” and collectively, the “Funds”, “Clients”, or “Partnerships”), for sophisticated, qualified investors (“Investors” or “Limited Partners”).

The general partner or equivalent of each Fund is, or will be, an affiliate of the Adviser (each a “General Partner”). Each General Partner is, or will be, subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser. The governing documents of each Client may also provide for the establishment of parallel or other alternative investment vehicles in certain circumstances. Investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser. In this Brochure, because it is uncertain whether such additional parallel or alternative investment vehicles will be classified as Clients of the Adviser, when we refer to a Fund or Client, we are also referring to such additional parallel or alternative investment vehicles, if any.

The Funds are structured as private equity funds that invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” The Adviser’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. The Adviser invests in the form of buyouts and recapitalizations in established North American companies in the industrial and business service sectors with a particular emphasis on companies that provide solutions to maintain, operate, and upgrade infrastructure. The companies that provide these solutions tend to be regionally oriented and compete in fragmented markets, creating opportunity for the Adviser to identify best-in-class solutions providers and to build leader super-regional companies or national platforms by employing a combination of organic growth initiatives and add-on acquisitions. The Adviser targets companies that deliver recurring maintenance solutions to their customers, which results in stable cash flow profiles and revenue visibility. From time to time, the Principals or other affiliated personnel of the Adviser or its affiliates may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Adviser’s advisory services to the funds are detailed in the applicable private placement memoranda or other offering documents, investment management agreements, limited partnership or other operating agreements (each, a “Partnership Agreement”), subscription agreements or similar governing documents, and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” While it is anticipated that each of its Clients will follow the strategy described above, the Adviser may tailor the specific advisory services with respect to each Client to the individual investment strategy of that Client. In addition, the governing documents of Clients may, in certain limited circumstances, impose restrictions on investing in certain securities or types of securities, for example in connection with regulatory or compliance reasons.

Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant governing documents. The Funds and the General Partners have, and may in the future, entered into side letters or other similar agreements (“Side Letters”) with certain Investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant governing documents with respect to such Investors.

Additionally, from time to time and as permitted by the relevant governing documents, the Adviser expects to provide (or to agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain Investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, the Adviser’s personnel and/or certain other persons associated with the Adviser and/or its affiliates (e.g., a vehicle formed by the Principals to co-invest alongside a particular Fund’s transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest 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 the Adviser’s sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs and expenses. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2018 the Adviser manages approximately \$438,345,430 in Client assets on a discretionary basis through the Funds. The Adviser is controlled by the Principals.

## **Item 5 - Fees and Compensation**

In general, the Adviser receives a management fee from each of the Funds that it manages as compensation for the investment advisory services rendered to the applicable Fund. The Adviser also typically receives performance-based compensation or carried interest pursuant to the applicable governing documents for such Fund.

The Adviser or its affiliates expect to receive additional compensation in connection with management and other services performed for portfolio companies of the Funds, and such additional compensation generally will offset in whole or in part the management fees otherwise payable to the Adviser in accordance with the relevant governing documents. Investors in a Fund also bear certain expenses, as set forth in the governing documents of such Fund.

The precise amount, the manner of calculation and the manner and timing of payment of any such management fee, carried interest, or performance-based compensation for each such Fund are established by the Adviser, as modified by negotiations with Investors in the applicable Fund, and are set forth in such Fund’s governing documents provided to each Investor prior to investment in such Fund. Nonetheless, the structure of the management fee and carried interest which the Adviser currently employs and which the Adviser expects to employ with respect to future Funds going forward is summarized below.

## Management Fees

A Fund generally will pay the applicable General Partner a management fee (the "Management Fee") equal to a fixed percentage (generally 2%) on an annual basis of aggregate Fund Investor capital commitments ("Commitments"), which will be due quarterly in advance. Investors participating in a closing after the initial closing of a Fund generally will bear the Management Fee from the date of the initial closing of such Fund plus interest. The Management Fee will be reduced upon the expiration of the investment period or where a particular subsequent Fund commences or upon the occurrence of certain other events as described in the applicable governing documents. The Management Fee will be payable until all portfolio investments are distributed or until such General Partner's relationship with the applicable Fund is terminated for other reasons (as described in the Fund's governing documents).

Installments of the Management Fee payable for any period other than a full three-month period generally are adjusted on *pro rata* basis according to the actual number of days in such period. The Management Fee generally is reduced by a specified percentage of a Fund's share of any directors' fees, financial consulting fees or advisory fees, transaction fees, breakup fees and other specified fees paid by portfolio companies to the General Partner, the Adviser or their affiliates, partners, members, officers or employees (such fees, "Supplemental Fees"), as more fully detailed and subject to the terms set forth in the relevant governing documents. To the extent that such an offset credit would reduce the Management Fee for a given three-month period below zero, the credit generally will be carried forward for future application against payable Management Fees. To the extent any such excess remains unapplied upon a Fund's liquidation, each partner of such Fund generally will receive its share of such unapplied excess, unless such partner elects not to receive its share (*e.g.*, where an adverse tax consequence may result). To the extent that any other Fund or co-investor invests alongside the Fund in any portfolio company investment, any Management Fee reduction associated with Supplemental Fees from the portfolio company generally will be allocated to the applicable Fund(s) *pro rata* based on the aggregate commitment(s) of such Fund(s). Additionally, as further described below and in the applicable Partnership Agreement of the Fund, it is the Advisers' practice to retain certain Consultants (as defined herein) to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Consultants generally receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee.

The Adviser may receive compensation of the type referred to in the preceding paragraph from, or on behalf of or with respect to co-investors in an investment. The receipt of such compensation will not reduce any 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 compensation and not the portion of any compensation that relates to such co-investors which have the potential to be significant. Similarly, in certain circumstances, the Adviser expects that co-investors or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset will be applied after excluding any amounts paid to such persons. Additionally, as further described below under "Consultants" and in the applicable governing documents of each Fund, it is the Adviser's practice to use or retain certain Consultants (as defined below) to provide consulting services to a Fund or its portfolio companies, including, without limitation, strategic and operational advice. Such Consultants generally would receive compensation, which may include, but is not limited to, fees in connection with transactions and other items detailed herein from the relevant portfolio companies or Funds to which they provide services, and any such compensation would not result in additional offsets to any Management Fee.

Certain governing documents permit the Adviser to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the governing documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The Limited Partners of the Fund may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the Adviser in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of Investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

### **Carried Interest**

The Adviser will receive a carried interest with respect to the Fund equal to a fixed percentage (generally 20%) of all realized profits subject to a fixed percentage compound preferred return (generally 8%), as more fully described in the applicable governing documents. The carried interest distributed to the Adviser is subject to a potential giveback at the end of life of the Fund if the Adviser has received excess cumulative distributions and at certain interim intervals as provided in the governing documents.

It is expected that any future Funds will have a similar fee structure.

Fund interests generally are offered and sold solely to "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act") (or qualified knowledgeable Warren Equity personnel), and, as such, information regarding the fees and compensation payable by Clients is not required to be provided herein.

### **Other Information**

In certain circumstances, the Management Fees payable to the Adviser by individual Investors in the Funds can vary among such Investors (*e.g.*, based on size of commitment, aggregate commitments to the Funds, timing of admission or other strategic or relationship factors) and may be negotiable. Moreover, the Adviser is permitted to exempt certain "affiliated partner" Investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser, such as "friends and family" and certain business associates of the Adviser or its personnel, or other Investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an Adviser professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant governing documents, the Adviser has the right to permit Investors, affiliated with the Adviser or otherwise, to invest through vehicles that do not bear Management Fees, carried interest, or performance-based compensation. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying Investors.

The Funds generally invest, and anticipate continuing to invest, on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the governing documents, over the term of the relevant Fund, and Investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Adviser or its affiliates.

In addition to the Management Fee and carried interest allocable to the Adviser, the Funds will pay all other fees, costs, expenses, liabilities, and obligations relating to the Funds and their activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company) (such expenses, “Partnership Expenses”) including, but not limited to, all fees, costs, expenses, liabilities and obligations attributable to: (i) activities with respect to sourcing, structuring, organizing, negotiating, acquiring, financing, bidding-on, re-financing, hedging, holding, managing, monitoring, operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, the Funds’ portfolio companies and actual and potential investments (including follow-on investments) or in seeking to do any of the foregoing, 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, the Funds, the Adviser, a General Partner or any “affiliated partner” on behalf of the Funds, including interest with respect thereto or of seeking to put in place any such indebtedness or guarantee; (iii) broker, dealer, finder, underwriting (including, without limitation, both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder, depository and similar services; (iv) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (v) legal, accounting, research, auditing, administration (including fees and expenses associated with the Funds’ third-party administrator), information, appraisal, advisory, valuation, research, consulting (including consulting and retainer fees paid to the Adviser’s Consultants (as defined below) or any of its members, consultants performing investment initiatives and other similar consultants), tax and other professional services; (vi) reverse breakup, termination and other similar fees, (vii) financing, commitment, origination and similar fees and expenses; (viii) directors and officers liability, errors and omissions liability and other insurance and regulatory expenses; (ix) filing, title, transfer, registration and similar fees and expenses; (x) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedules K-1, administrative or regulatory filings or reports (including Form PF and any Fund-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information (including an allocable portion of any licensing, maintenance, upgrade and/or implementation fees, expenses and costs of any Investor administrative tools (including software and extranet tools) related to the foregoing); (xi) any activities with respect to protecting the confidential or non-public nature of any information or data; (xii) to the extent provided in the Partnership Agreement or otherwise approved by a General Partner in its sole discretion, proceedings of a Fund’s advisory board (“Advisory Board”) (including any reasonable out-of-pocket costs and expenses incurred by the members in attending such meetings); (xiii) indemnification, except to the extent the Funds’ payment of such cost, expense, liability or obligation is otherwise prohibited by the Partnership Agreement; (xiv) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xv) the Management Fee; (xvi) any taxes, fees and other governmental charges levied against the Funds (except to the extent that the Funds are



reimbursed therefor by a General Partner or Investor or such tax, fee or charge is treated as having been distributed to a General Partner or Investor pursuant to Partnership Agreement); (xvii) the annual Limited Partner meeting and any other conference or meeting with any Limited Partner(s); (xviii) except as otherwise determined by a 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 or organizational expense if it were incurred in connection with a Fund, and any expenses incurred in connection with the formation of any feeder vehicles to the extent not paid by the Investors investing in such entities; (xix) expenses incurred in connection with the winding-up or liquidation of the Funds; (xx) expenses relating to defaults by a General Partner or Investor in the payment of any capital contributions; (xxi) expenses incurred in connection with any amendments to the constituent documents of the Funds and related entities; (xxii) any and all expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Funds (including, but not limited to, regulatory expenses of a General Partner incurred in connection with the operation of a Fund) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Funds, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification; (xxiii) expenses incurred in connection with distributions to the a General Partner or Investor and other expenses associated with the acquisition, holding and disposition of the Funds' investments, including extraordinary expenses; (xxiv) unreimbursed expenses and unpaid fees of the Consultants; (xxv) any travel, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxvi) expenses related to any compliance or regulatory matters related to the Funds. For purposes hereof, "travel" shall include, without limitation, travel accommodations and commercial and non-commercial transportation costs (including private aircraft); provided, however, that non-commercial transportation costs paid or reimbursed by the Funds shall not exceed first class commercial rates as reasonably available and determined by a General Partner. (xxvii) any organizational expenses; (xxviii) any placement fees; (xxix) any out-of-pocket fees, costs, expenses, liabilities and obligations incurred by such Fund or the Adviser in connection with the structuring, establishment, negotiation, due diligence investigation and consideration of the investment in a portfolio company if such investment is ultimately unconsummated, including any such fees, costs, expenses, liabilities and obligations incurred prior to such Fund's initial closing date (including legal, accounting, research, auditing, consulting, insurance, valuation financing, appraisal, filing, real estate title, printing and other fees, costs and expenses) ("Broken Deal Expenses"); and (xxx) any other fees, costs, expenses, liabilities or obligations approved by such Fund's Advisory Board. Excluded from a Fund's expenses are ordinary administrative and overhead expenses of the Adviser incurred in connection with managing, originating and monitoring investments, including employees' salaries, rent, and other similar expenses specified in the applicable Partnership Agreement. As is typical for private equity funds, the Funds are likely to bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including, without limitation, legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. While the Adviser believes such circumstances to be highly unlikely, it is possible that one of the other

Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, the Adviser is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain Investors to co-invest in portfolio companies alongside one or more Funds, subject to the Adviser's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned ultimately is not consummated, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, or would otherwise be beneficial, in the judgment of the relevant General Partner, all Broken Deal Expenses relating to such proposed transaction generally will be paid solely by the Fund(s) and it is expected that any such potential co-investors will not bear any portion of such Broken Deal costs and expenses. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses.

The Adviser and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates, on the other hand.

## **Consultants**

Additionally, as further described herein and in the applicable governing documents of each Fund, the Adviser is permitted to use or retain certain consultants, senior industry advisors, strategic partners, operating partners, experts, and other specialists ("Consultants") to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Consultants generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Consultants receive compensation, including, but not limited to, cash fees, retainers, diligence fees, transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds, co-investment opportunities, remuneration from the Adviser and/or Funds or affiliates or other compensation, which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such Consultants, 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. Consultants also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset the Management Fee. The use of Consultants subjects the Adviser to conflicts of interest, as discussed under "Conflicts of Interest," below.

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

As described above in Item 5 "Fees and Compensation," the Adviser or its affiliates may receive a carried interest allocation on certain realized profits in the Funds. These payments are 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 Adviser does not advise Funds that are not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain partners as described above in Item 5 “Fees and Compensation.”

Additionally, to the extent that the Adviser’s personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The existence of carried interest and performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its Investors.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and governing documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

#### **Item 7 - Types of Clients**

As described in Item 4 “Advisory Business,” the Adviser provides investment advisory services only to Funds, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act. The Investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, Principals or other employees of the Adviser and its affiliates and members of their families, and Consultants or other service providers retained by the Adviser.

Each Fund will generally have a minimum investment amount of \$5 million for third-party Investors in the Funds, and Fund interests will be offered and sold solely to qualified purchasers or qualified knowledgeable personnel of the Adviser. Such minimum investment amounts may be waived by the Adviser.

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

Private equity investing involves the origination of a specific asset or pool of assets, and the subsequent underwriting, due diligence, negotiating and structuring of the investment to be held in a Client’s portfolio. A recommendation is then made to an investment committee to purchase the asset or pool of assets per the terms outlined. Post investment, direct investments are monitored on a timeline appropriate for the complexity, degree of control and liquidity of the asset.

Warren Equity is a privately held alternative asset management firm pursuing a range of investment strategies, with a primary focus on lower middle market operating companies. Warren Equity invests in the form of buyouts and recapitalizations in established North American companies in the industrial and business services sectors, with a particular emphasis on companies that provide solutions to maintain, operate, and upgrade infrastructure. The companies that provide these solutions tend to be regionally oriented and compete in fragmented markets, creating opportunities for the Adviser to identify best-in-class solution providers and to build leading super-regional companies or

national platforms by employing a combination of organic growth initiatives and add-on acquisitions. Warren Equity targets companies that deliver recurring maintenance solutions to their customers, which results in stable cash flow profiles and revenue visibility.

### *Investment Strategy*

The Adviser's investment strategy represents a differentiated approach to building value in today's lower middle market private equity industry. The Funds focus on investing primarily in lower middle market companies typically with approximately \$3-\$15 million of EBITDA at the time of investment, targeting various sized equity investments in each portfolio company in the Adviser's Focus Industries (as defined below), primarily located in North America. The Principals believe the opportunity exists to acquire companies of this size at more favorable valuations as compared to larger middle market companies and to build these companies through our ownership period to make them attractive acquisition candidates for corporate buyers and larger private equity firms. Overall, transactions in this sector are less reliant on capital markets conditions to drive investment returns.

The Funds seek to take advantage of inefficiencies in the lower middle market to develop proprietary transactions, invest at disciplined valuations, and negotiate more buyer friendly structures. These inefficiencies include a highly fragmented deal intermediary network, regionally focused companies, and relationship-driven transaction opportunities with family-owned companies.

The Funds invest in the industrial and business services sectors primarily in North America, with a particular emphasis on companies that provide solutions to maintain, operate, and upgrade infrastructure. The Principals believe that now is an opportune time to invest in these sectors and believe that this opportunity will exist for the foreseeable future. The Principals have led private equity investment strategies targeting these sectors for over seven years, managing investments in seven private equity portfolio company platforms during that timeframe. The Adviser believes this experience gives it a competitive advantage as compared to generalist private equity firms, by allowing it to identify attractive business models, react quickly to transaction opportunities, demonstrate its sector knowledge to sellers, and create differentiation in competitive sale processes.

The Funds seek to catalog all transactions into four distinct verticals: Industrial Products, Industrial Services, Building Services, and Business Services (the Adviser's "Focus Industries"). The Adviser maintains a deep transaction sourcing network and industry advisor relationships in each of these verticals.

### *Risks Involved with an Investment in a Fund and Portfolio Investments*

The purchase of a limited partnership interest in a Fund involves a number of significant risks and other important factors relating to investments in limited partnerships generally, and relating to the structure and investment objectives of the Fund in particular. Prospective investors should carefully review the risks associated with investing in the Fund with their financial, tax and legal advisers.

*Business Risks.* The Funds' investment portfolio is expected to 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.

*Future and Past Performance.* The performance of the Principals' prior investments is not necessarily indicative of the Funds' future results. While the General Partner intends for the Funds to

make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. Furthermore, there can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments. In addition, the Funds' investments may differ from previous investments made, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, market and economic conditions at the time of acquisition or exit, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

*Investment in Junior Securities.* The securities in which the Funds invest may be among the most junior in a port portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Funds' investment once made.

*Concentration of Investments; Impact of Excuse or Exclusion.* The Funds participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified. In addition, a Limited Partner's participation in a Fund's investments may be limited by virtue of the General Partner's right to exclude a Limited Partner from, or a Limited Partner's right to be excused from, participating in certain of the Fund's investments as set forth in the Partnership Agreement, thereby increasing the participation of other Limited Partners. As a consequence of one or more Limited Partners being excused or other factors limiting investments, the aggregate returns realized by the participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of even one investment by that Fund.

*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. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will be required to bear Management Fees through the Funds during the investment period based on the entire amount of the Limited Partners' commitments and other expenses as set forth in the respective Partnership Agreement.

*Dynamic Investment Strategy.* While a General Partner generally intends to seek attractive returns for the Fund primarily through making private equity investments of the type described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Many factors may contribute to changes in emphasis in the investment strategy, including changes in market or economic conditions or regulations as they affect various industries and changes in the political or social situations in particular countries. The General Partner may pursue investments outside of the industries and sectors in which the Principals have previously made investments.

*General Infrastructure Risks.* Investing in companies that provide solutions to maintain, operate and upgrade infrastructure may be subject to a variety of risks, not all of which can be foreseen or quantified, including operating, economic, environmental, commercial, currency, regulatory, political and financial risks. There can be no assurance that the investments made by the Funds will be profitable or generate cash flow sufficient to provide a return on or recovery of amounts invested therein. An investment in the Fund is subject to certain risks associated with the ownership of companies that provide services in the infrastructure and infrastructure-related spaces including: local,

national and international economic conditions; the supply and demand for services from and access to infrastructure; the financial condition of users and suppliers of infrastructure assets; changes in interest rates and the availability of funds which may render the purchase, sale or refinancing of infrastructure assets difficult or impracticable; changes in environmental laws and regulations, and planning laws and other governmental rules; environmental liability risk arising in respect of infrastructure acquired with undisclosed or unknown environmental problems or as to which inadequate reserves have been established; changes in energy prices; changes in fiscal and monetary policies; negative developments in the economy that depress travel; uninsured casualties; force majeure acts, terrorist events, under-insured or uninsurable losses; and other factors which are beyond the reasonable control of the Fund. Many of these factors could cause fluctuations in usage, expenses and revenues, causing the value of the companies in which the Fund invests to decline and negatively affect the Fund's returns.

*Growth Equity Transactions.* The Funds' strategy may include targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as an illiquid investment. 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. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. 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 the General Partner) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including, without limitation, unfunded Commitments.

*Leveraged Investments.* The Funds may 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 the Funds' opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Fund will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds 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 the Funds' 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 the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Funds may

suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. The Funds may incur leverage on a joint and several basis with one or more other Funds and entities managed by a General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Funds incur leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Investors and such Investors' contributions may be required to be made directly to the lenders instead of the Funds.

*Subscription Lines.* A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by Investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the governing documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to

repay the-then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

*Bridge Financings.* From time to time, the Funds may lend or otherwise provide capital to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans may be convertible into a more permanent, long-term security; however, for reasons that may not be in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur 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 Funds.

*Limited Transferability of Fund Interests.* There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the General Partner and Limited Partners (together, the "Partners") and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Partners. After a distribution of securities is made to the Partners, many Partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested with the General Partner, and the Funds' future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Funds' ability to realize its investment objectives. In addition, the Principals currently, and may in the future, manage other investment funds besides the Funds and the Principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Principals. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Funds or one or more of its portfolio companies including potential acceleration of debt facilities.



Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although 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 management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

*Absence of Operating History.* Upon launch, the Funds will have no operating history and will be entirely dependent on the General Partner. While the Principals of the General Partner have previous experience making and managing investments similar to those contemplated by those Funds, the Principals have limited experience managing and investing a committed pool of funds. Furthermore, there can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments made by the Principals.

*Early Termination of the Fund.* It is possible that the Funds may be dissolved and terminated prematurely by the Limited Partners, and as a result, may not be able to accomplish its objectives and may be required to dispose of its investments at a disadvantageous time or make an in-kind distribution (resulting in Limited Partners not having their capital invested and/or deployed in the manner originally contemplated).

*Dependence on Personnel.* The General Partner's ability to successfully manage the Funds' affairs depends on the Principals and employees of the Adviser. The General Partner will be relying extensively on the experience, relationships and expertise of these persons. There can be no assurance that these persons will remain with the Adviser through each closing of the Fund or will otherwise continue to be able to carry on their current duties throughout the term of the Fund or that the Adviser will be able to retain replacements when needed.

*Industry Advisor Network.* The General Partner expects that the Adviser's industry advisor network will assist the Funds with deal sourcing and due diligence of prospective portfolio companies. While the Funds will seek to compensate the individuals that make up the Adviser's industry advisor network for successful transaction sourcing and/or other advisory services through equity grants and minimal cash compensation paid from company cash flow, there can be no assurance that the members of the Adviser's industry advisor network will work with the Adviser through the term of the Funds or that the Adviser would be able to retain replacements of such individuals if they decide to cease collaborating with the Adviser. In addition, the individuals that make up the Adviser's industry advisor network will not be prohibited from engaging in activities which compete or conflict with those of the Funds. Certain members of the Adviser's industry advisor network currently do, and may in the future, work for or provide services to other competing firms and may have interests in other companies that do business with, or have interests that conflict with, the Funds' portfolio companies.

*Projections.* 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 the General Partner 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. 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. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies.* Before making investments, the General Partner or one of its designated affiliates will typically conduct such due diligence as they deem 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, 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 the General Partner and/or one of its designated affiliates may rely on the advice received from such third parties. The due diligence investigation carried out with respect to any investment opportunity may 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 of invested capital.

*Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* The United States, pursuant to the “Foreign Account Tax Compliance Act” or “FATCA” has entered into numerous intergovernmental agreements with various jurisdictions concerning the exchange of information as a means to combat tax evasion. In addition, the OECD has published a global Common Reporting Standard for the exchange of information pursuant to which many countries have now signed multilateral agreements. One or more of these information exchange regimes are likely to apply to the Funds and/or alternative investment vehicles and may require the General Partner to collect and share with applicable taxing authorities information concerning Limited Partners (including identifying information and amounts of certain income allocable or distributable to them). A Limited Partner’s failure to provide required information may result in expulsion from the Fund and/or alternative investment vehicles or other potential remedies. In addition, FATCA generally imposes a withholding tax of 30% on a non-U.S. entity’s share of most payments attributable to investments in the United States, including dividends, interest, and, beginning on January 1, 2019, gross proceeds of a disposition of stock, unless an exception applies. The Funds may be required to withhold such taxes from certain non-U.S. Limited Partners, unless an exception applies.

*Conflicting Investor Interests.* Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner 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, the General Partner generally will consider the investment and tax objectives of the Funds and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds’ activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds’ efforts to structure, consummate and/or exit investments, both in general and relative to competing

bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, recently enacted U.S. federal income tax legislation treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of the Principals, employees, or other individuals associated with the Funds, the Adviser, or the General Partner who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Funds.

*Alternative Investment Fund Managers Directive.* The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to Investors within the European Economic Area (“EEA”). If the Funds are actively marketed to Investors domiciled or having their registered office in the EEA: (i) the Funds and the General Partner may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Funds incurring additional costs and expenses; (ii) the Funds and the General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Funds incurring additional costs and expenses or otherwise affect the management and operation of the Funds; (iii) the General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Funds in relation to EEA portfolio companies including, in some circumstances, the Funds’ ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to Investors based in those jurisdictions, which may make it more difficult for the Funds to raise its targeted amount of Commitments.

*United Kingdom Exit from the European Union.* On June 23, 2016, the people of the United Kingdom (“UK”) voted in a referendum to leave the European Union (the “EU”). As at the date of this Brochure, there has been no change in the status of the UK as a member of the EU. Pursuant to the EU constitution, the only method of withdrawal is via Article 50 of the Treaty of the EU, which itself provides for a period of up to two years during which the terms of the UK’s ongoing relationship with the EU will be negotiated. The Article 50 procedure was triggered by the UK government on March 29, 2017; accordingly, it is currently anticipated that the UK will cease to be a member of the EU by the end of March 2019 (subject to any transitional arrangements or extensions which may be agreed).

As a result of the UK ceasing to be a member of the EU, the manner in which the Fund invests in assets located within the EU may be impacted. The terms of the UK’s exit from the EU are not clear, and the shape of the regulatory landscape following exit is not yet defined; the legal, political and economic uncertainty generally resulting from the UK referendum result and anticipated exit from the EU may adversely impact UK-based businesses, and may also result in an economic slowdown and/or a deteriorating business environment in one or more EU Member States.

*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 the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds 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 the Funds to increase its participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or the Partners with respect to the Funds' income, and possible non-U.S. tax return filing requirements for the Funds and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Hedging Arrangements; Related Regulations.* The General Partner may (but is not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Significant Adverse Consequences for Default.* The Partnership Agreement provides for significant adverse consequences in the event a Limited Partner defaults on its Commitment or any

other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting Limited Partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of time, as permitted by the Partnership Agreement, without interest.

*Dilution.* Limited Partners admitted or that increase their respective Commitments to the 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 its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Fund's existing investments at the time of such contributions.

*Reinvestment of Capital.* In addition to having the right to recall distributions previously made to the Limited Partners (subject to certain limitations set forth in the Partnership Agreement), the General Partner may also generally recall capital contributions to the extent used for Fund expenses or as a repayment or recoupment of capital contributions with respect to an investment realized within 24 months after such investment was made. Accordingly, during the term of the Fund, a Partner may be required to make capital contributions in excess of its capital commitment, and to the extent such recalled or retained amounts are reinvested in investments, a Partner will remain subject to investment and other risks associated with such investments.

*Broken Deal Expenses.* Investments in infrastructure often require extensive due diligence activities and regulatory approvals prior to acquisition. Due diligence may include, without limitation, feasibility and technical studies, preliminary engineering and marketing studies, and legal and environmental review, any or all of which may entail significant third-party expenses. In the event that an investment is not consummated, the applicable Fund may bear some or all of such third-party expenses and any termination fees.

*General Partner's Carried Interest.* The fact that the General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

*Transfer by General Partner.* To the extent the General Partner, its partners, the Principals and/or their respective affiliates commit to make a direct or indirect investment in or along-side the Funds, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreement.

*Public Company Holdings.* The Funds' investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Funds 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 Funds 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 Principals, and increased costs associated with each of the aforementioned risks.

*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, the 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 the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds holds a minority stake, it may be more difficult for the Funds to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if the Funds has contractual rights to seek liquidity of the Funds' 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 Funds, 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. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Funds' representatives, and ultimately the Funds, 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 Funds' investment activities.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by employees of the General Partner, portfolio company officers or employees, service providers to the foregoing and/or their respective affiliates could cause significant losses to the Funds. 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 the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Funds' 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 and/or financial losses to the Funds. No assurances can be given that the General Partner will be able to identify or prevent such misconduct.

*Limitation of Recourse and Indemnification.* The Partnership Agreement will limit the circumstances under which the General Partner and its affiliates will be held liable to the Funds. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that the Fund will indemnify the General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to Limited Partners. The indemnification obligations of the Funds would be payable from the assets of the Funds, including the unfunded Commitments of the Limited Partners. Additionally, the General Partner may recall certain distributions previously made to the Limited Partners. Further, each Limited Partner will also be required to indemnify the Fund and each indemnitee against certain taxes attributable to such Limited Partner.

*Litigation.* In the ordinary course of its business, the Funds may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

*Advisory Board.* The General Partner will appoint one or more Limited Partner representatives to the Advisory Board. The Partnership Agreement may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Fund or any other Partner. In addition, representatives of the Advisory Board may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence their decisions as members of the Advisory Board.

*Delayed Tax Information.* The Funds may not be able to provide final tax filing information to Limited Partners for any given fiscal year until after the initial tax filing deadlines for Limited Partner tax returns. Accordingly, Limited Partners should plan to obtain extensions of the filing dates for their income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Funds.

*New Rules Regarding U.S. Federal Income Tax Liability Resulting from IRS Audits.* For taxable years of the Fund beginning on or after January 1, 2018, U.S. federal income taxes arising from an IRS audit will be paid by the Funds absent an election to the contrary and a “partnership representative” will have the power to act on behalf of the Funds and its Partners in all IRS audits and other proceedings involving the Fund’s U.S. federal income, loss, deductions and credits. These new rules may be less favorable than current partnership audit rules for certain Partners in certain cases.

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

*Use of Alternative Investment Vehicles.* If the General Partner determines in good faith that for legal, tax, regulatory, accounting or other reasons it is desirable that investments be made, restructured or otherwise held utilizing an alternative investment structure, the General Partner has the authority to structure all or any portion of such investment outside of or beneath the Funds by requiring any or all of the Partners to make such investment directly or indirectly through one or more alternative investment vehicles. While the economic and other substantive provisions governing any alternative investment vehicles are intended to be materially the same as those of the Funds taking into consideration the legal, tax, regulatory, accounting or other result intended to be achieved, the rights of the Limited Partners in, and the obligations and duties of the General Partner as manager of, the alternative investment vehicles may differ from those applicable to the Funds by virtue of the specific terms, or jurisdiction of establishment, of the alternative investment vehicles. In addition, the structural attributes of certain alternative investment vehicles may result in divergent return characteristics for certain Limited Partners.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil in the past and may do so again. Moreover, governmental measures undertaken in response to such

turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. 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 the Funds' 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 the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of 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 the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Funds 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 the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to raise funding to support its investment objective.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* Any deterioration of the global credit markets may make it more difficult for investment funds such as the Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Funds' ability to generate attractive investment returns may be adversely affected to the extent the Funds are 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 an economic downturn could adversely affect the financial resources of corporate borrowers in which the Funds have invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Funds may suffer a partial or total loss of capital invested in such companies, which could in turn have an adverse effect on the Funds' returns. The credit crisis in Greece, for example, and acute concerns over debt levels of other European Union member states such as Italy and Spain and austerity measures, have led to renewed concerns and volatility in global credit and equity markets. The continued participation of various European countries in the common euro currency and the relative strength and continued existence of that currency have become subject to recent speculation. Such speculation, the occurrence of any such events and/or weakness or volatility in the euro's relative valuation could have a substantial negative impact on the Funds and their investments, including by triggering other adverse financial, economic and political events in Europe, the U.S. or elsewhere, making it more difficult to acquire, manage and sell portfolio companies with substantial euro exposure (either directly or indirectly), causing unexpected volatility in euro denominated obligations and creating uncertainty that may reduce consumer demand, adversely affect lenders' willingness to lend money or cooperate in restructuring existing obligations or otherwise adversely affect the ability of the Funds to execute on the investment strategies. Such marketplace events also may restrict the ability of the Funds to realize investments at favorable times, for favorable prices and/or with favorable terms. Additionally, the Funds may be



required to pay break-up, termination or other fees or expenses even if the Funds are willing to close on an investment if it is ultimately unable to close on such investment due to a lender's unwillingness to provide previously committed financing.

*Material Non-Public Information.* From time to time the General Partner or its affiliates may be in possession of material, non-public information concerning the issuer of securities in which the Funds have invested, or in which it intends to invest. The possession of such information may limit the ability of the Funds to buy or sell such securities even if such information was obtained in the context of the investment activities in the Adviser's other investments.

*Side Letters.* The Funds or the General Partner may enter into a side letter or other similar agreement with a particular Limited Partner in connection with its admission to the Funds without the approval of any other Limited Partner, which would have the effect of establishing rights under or supplementing the terms of the Partnership 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 rights applicable to particular investments (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, such investments); (ii) reporting obligations of the General Partner; (iii) waiver of certain confidentiality obligations; (iv) consent of the General Partner to certain transfers by such Limited Partner; or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a Limited Partner. Limited Partners may request to see such side letters and to obtain certain rights applicable to them under such letters subject to certain exceptions provided in the respective Partnership Agreement.

*Electronic Delivery of Certain Documents.* Pursuant to the subscription agreement entered into by a Limited Partner, 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 Partnership Agreement) 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, at the option of the person making such delivery, and (ii) capital demand 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 Partnership Agreement or under any side letter with such Limited Partner. There are certain costs (e.g., on-line time) and possible risks (e.g., slow downloading time and system outages) associated with electronic delivery. Moreover, the General Partner cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions resulting from any computer viruses or related problems that may be associated with the use of an internet-based system.

*Unfunded Pension Liabilities of Portfolio Companies.* Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Adviser intends to manage each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in

which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*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 value, the General Partner 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. In addition, there can be no assurance that the General Partner will have all the information necessary to make valuation decisions in respect of investments, or that any information provided by third parties on which such decisions are based will be correct. To the extent that portfolio companies targeted by the Fund do not have audited financial statements, instructive financial data or useful key performance indicators, as is often the case in the markets in which the Fund is expected to invest, the foregoing risks may be heightened. There can be no assurance that the valuation decision of the General Partner with respect to an investment will represent the value realized by the Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the Fund's investment portfolios and risks, and may also affect the diversification and management of the Fund's portfolio of investments. Also, the exercise of discretion in valuation by the General Partner 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.

*Cybersecurity Risks.* Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Recent events have illustrated such ongoing cybersecurity risks to which operating companies are subject. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners (including vendors and portfolio companies), may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. The General Partner's and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, denial-of-service attacks, 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 earthquakes.

Although the General Partner 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, the General Partner, 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. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information, including personal information relating to Investors (and the beneficial owners of Investors); (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio

company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or Investor data, the Adviser, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks.

## **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the Advisory Board of the participating Funds.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by the Principals through such Fund, subject to certain limited exceptions set forth in the Fund's governing documents. Without limitation, the Principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investments. The Principals and the Adviser's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Principals may control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, the Adviser will be presented with investment opportunities that would be suitable not only for a single Fund, but also for other Funds and other investment vehicles operated by the Adviser or its advisory affiliates. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the Investors in such investment vehicles. Except as required by the relevant governing documents, the Adviser is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one Fund in a portfolio company may also raise the risk of using assets of a Client to support positions taken by other Clients.

In allocating investment opportunities, the Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Partnership Agreement, where applicable, as well as factors including, but not limited to: investment restrictions and objectives (including those set forth in the relevant Fund's Partnership Agreement, strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limits, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors. The Adviser will determine the allocation of investment opportunities among Funds in a

manner that it believes is fair and equitable consistent with the Adviser's obligations and may take into consideration factors such as those set forth above.

Following such determination, the Adviser will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the Funds' Partnership Agreements, Side Letters and the Adviser's procedures regarding allocation. The Adviser's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or similar co-investors; the Adviser's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Adviser's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; and whether the Adviser believes that allocating investment opportunities to an Investor or other person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds and/or the Adviser. Although a prospective co-investor's willingness to invest in future Funds may be considered by the Adviser, it generally will not be the sole determining factor considered by the Adviser in identifying co-investors. The Adviser may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the Adviser or its related persons in consultation with other participants in the relevant transactions. Co-investment opportunities may, and typically will, be offered to some and not to other Investors and the consideration of the factors set forth above may result in certain Investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds, the Adviser and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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

In certain cases, the Adviser may have opportunity (but, subject to any applicable restrictions or procedures in the relevant Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Investors.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide, or be able to provide, such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Adviser in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Adviser may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Adviser may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances, Funds may be prohibited from exercising (or the Adviser may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. The Adviser intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

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

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, the Adviser will allocate fees and expenses in a manner that it believes in good faith is

fair and equitable to its Clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, the Adviser may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the Adviser or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Adviser. The Funds may have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, the Adviser and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to the Adviser and/or its affiliates. Except to the extent such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest or other performance-based fees paid by a Fund to the Adviser.

Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including, without limitation, travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. This discretion subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to Investors in any Fund, any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to agreements with or review by management teams and the review and supervision of the board of directors of portfolio companies. These factors may help to mitigate, but will not necessarily eliminate, related potential conflicts of interest.

The Adviser generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) the Adviser or a related person of the Adviser (which may include a portfolio company of such Fund), (ii) an entity with which the Adviser or its affiliates or current or former members of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit, or (iii) certain Investors or their affiliates. For example, the Adviser may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain Investors or their affiliates that are engaged in lending or related business. This discretion subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser may have an incentive to recommend the related or other person (including an Investor) because of its financial or other business interest. There is a possibility that the

Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Fund or the Adviser), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not the Adviser has a relationship or receives financial or other benefits from recommending a particular service provider, there can be no assurance that no other service provider will be more qualified to provide the applicable services or could provide such services at lesser cost.

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

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

the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

In certain circumstances, current or former Adviser personnel may serve in interim or part-time roles at a portfolio company, or may provide services to a portfolio company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment at the Adviser. Under such arrangements, the Adviser and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold. Employees may or may not return to the Adviser at the end of such secondee arrangement.

Because certain expenses are paid for by a Fund and/or portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or portfolio companies, the Adviser will not necessarily seek out the lowest cost options when incurring (or causing an Fund or portfolio companies to incur) such expenses.

In addition, as described above, portfolio companies typically pay certain fees to Consultants and others (including third-party consultants introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Adviser's Management Fee as described herein. Consultants generally make use of the Adviser's resources or otherwise are associated with the Adviser. The Adviser and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Consultants generally receive investment opportunities, reimbursements and other compensation that do not offset the Management Fee of any Fund, as described herein. Although the use of Consultants and the allocation of compensation paid to them by the Adviser, its affiliates and/or the portfolio companies subjects the Adviser and/or its affiliates to potential conflicts of interest, the Adviser believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Consultant is lower than market rates for the services provided and/or if the services of the Consultant align with the Adviser's model for the portfolio company and improve portfolio company performance. Although the Adviser seeks to retain Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. The Adviser also generally seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Fund's Investors, and seeks to retain only Consultants and service providers 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.

Because there is a fixed investment period after which capital from Investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so.



Since the Adviser is permitted to retain certain additional compensation (as described under “Fees and Compensation”) in connection with management and other services performed for portfolio companies of the Funds, it could have a conflict of interest in connection with approving transactions and setting such compensation. Additionally, the Adviser its personnel, affiliates or others designated by the Adviser may from time to time receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the relevant governing documents are applied, the Adviser and/or such other recipients will be permitted to retain such securities as additional compensation, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Adviser) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund.

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

The Adviser may arrange a program for Funds and portfolio companies to participate in purchasing, vendor or similar arrangements with the Adviser, its affiliates, the Funds, and other portfolio companies. This may enable participants to receive discounts negotiated with various vendors and service providers on a groupwide basis. The Adviser generally would expect to allocate fees and third-party administration costs for the program among the relevant Funds and portfolio companies. The Adviser and its affiliates may also participate in such a program and receive similar benefits and discounts as the portfolio companies and Funds participating therein. No such amounts will result in additional offsets to the Management Fee. The Adviser believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to the Funds and portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the negotiated discounts rates for goods and services are discounted relative to those widely available in the market.

The Adviser has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as the Adviser has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to its Funds and their Investors and attempts to allocate investment opportunities among a Fund and other Funds in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

Pursuant to a Fund’s governing documents, a Fund’s General Partner may appoint an Advisory Board consisting of Limited Partners of the relevant Fund(s). Where appropriate, and to the extent provided in a Fund’s governing documents, the Adviser consults and receives consent to conflicts, Advisers Act matters, and other Fund matters from the relevant Advisory Board.

## **Item 9 - Disciplinary Information**

If there are any legal or disciplinary events that would be material to an investor’s evaluation of an adviser or the integrity of an adviser’s management, registered investment advisers are required

to disclose all material facts regarding such events. The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

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

Warren Equity is affiliated with the General Partners, which are investment advisers subject to Warren Equity's SEC registration under the Advisers Act in accordance with SEC guidance. These entities operate, for registration purposes, as a single advisory business together with Warren Equity and serve as general partners to the Funds and generally share with Warren Equity common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Adviser has adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid any actual, potential or perceived conflicts of interest or abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on restricted securities; requires pre-clearance of personal trades of an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client's interests in Client eligible investments. A copy of the Code will be provided to any investor or prospective investor upon request to Henrik Dahlback, Warren Equity's Chief Compliance Officer, at (904) 746-7024.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the Adviser has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, access persons of the Adviser are deemed to be in receipt of material, non-public information, in all instances where any access person of the Adviser has received material, non-public information and, therefore, such access person(s) may not trade on the basis of that information.

Accordingly, should Warren Equity or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, the Adviser generally would be prohibited from communicating such information to Clients, and the Adviser will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser personnel serving as directors of public companies and may restrict trading on behalf of Clients, including a Fund.

Principals and employees of Warren Equity and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of Warren Equity, as well as third-party Investors and other persons, and such co-investments may be effected through co-invest vehicles or

directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss.”

The Adviser and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

From time to time, the Adviser may advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the governing documents.

In borrowing on behalf of a Fund, The Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund’s preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

The Adviser will effect such borrowings in a manner it believes to be fair and equitable to the relevant Fund, and consistent with the Adviser’s obligations to the Fund under the governing documents.

## **Item 12 – Brokerage Practices**

Warren Equity focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Adviser may also distribute securities to Investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. To the extent that the Adviser engages in public securities transactions, it follows the brokerage practices described below.

In Warren Equity's private company securities transactions on behalf of the Funds, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **Item 13 - Review of Accounts**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities held by a Fund. The Adviser closely monitors companies in which the Funds invest, and the Adviser's Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to each of its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

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

The Adviser and/or its affiliates may provide certain business or consulting services to a Fund's portfolio companies and may receive compensation from these companies in connection with such services. As described in the applicable Partnership Agreements, this compensation may offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees, as described in Item 5 "Fees and Compensation."

From time to time, the Adviser may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Limited Partner in a Fund. Any fees payable to any such placement agents will be borne by the Adviser indirectly through an offset against the Management Fee, 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(s).

### **Item 15 - Custody**

The Adviser maintains custody of assets held in the name of one or more Funds with the following qualified custodian: Wells Fargo.

### **Item 16 - Investment Discretion**

The Adviser has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow Clients to place limitations on this authority. Pursuant to

the terms of the Partnership Agreement, however, the Adviser and/or its affiliates may enter into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this discretionary authority pursuant to the terms of the governing documents and powers of attorney executed by the Investors in each Fund.

#### **Item 17 - Voting Client Securities**

The Adviser's investment strategy involves private equity investments. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its Clients.

#### **Item 18 - Financial Information**

The Adviser does not require the prepayment of Management Fees six months or more in advance, nor does it have any other events requiring disclosure under this item of the Brochure.