

# Infinedi Partners LP Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Infinedi Partners, LP (“Infinedi” or the “the Firm”). If you have any questions about the contents of this brochure, please contact us at (917) 596-4593. 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. The Partnership is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

## Item 2: Material Changes

This brochure represents the initial filing of Form ADV Part 2 filed with Infnedi’s request for registration with the Commission filed in May 2019.

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## Item 4: Advisory Business

Infnedi provides investment advisory services to the pooled private investment vehicles (“Private Funds”) and is managed by the partnership’s General Partner, Infnedi Group LLC (“the General Partner”).Both Infnedi and the General Partner are solely owned and controlled by Joseph Hegenbart who serves as Managing Partner.

The Private Funds generally focus on private equity investments between \$40 million and \$350 million in middle market companies primarily based in North America with (i) annual revenues between \$100 million and \$1 billion and (ii) enterprise values between \$100 million and \$1 billion within the following industries (the “Target Industries”):

- Consumer
- Healthcare Services
- Software
- Business Services

Infnedi is responsible for evaluating and monitoring Private Fund investments and providing day-to-day managerial and administrative services to the partnership. Infnedi sources, structures and negotiates potential investments, monitors the performance of portfolio companies and advises the partnership as to the disposition of investment holdings.

At the time of Infinedi's registration, the Firm had a reasonable expectation that within 120 days of registration Infinedi will acquire the necessary assets to be eligible for SEC registration.

Infinedi does not manage any assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### **Management Fee**

Infinedi or an affiliated entity earns a management fee from certain Funds in accordance with their respective offering documents and limited partnership agreements. Private Funds, generally, will pay the Firm an annual management fee of 2% of each Limited Partner's capital contributions prorated and paid on a semi-annual basis. Upon the final distribution, Limited Partners may pay 2% of the Limited Partner's capital contributions on the date of Final Distribution on the date set forth in any applicable payment notice.

The Management Fee shall be reduced upon each disposition with respect to a partially realized investment by an amount equal to the percentage that such investment has been realized (*i.e.*, based on full realization equaling 100%) (the "Reduction Amount"). Any Reduction Amount shall be applied to reduce the Management Fee for the semi-annual period immediately following the partial realization of the applicable investment (but not to an amount below zero) and to the extent not so applied shall be carried forward for application against future installments of the Management Fee until such Reduction Amount is fully utilized in reducing the Management Fee. The Reduction Amount shall reduce the Management Fee for each Limited Partner for which the Management Fee is payable in proportion to the respective amounts payable by all such Limited Partners.

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

### **Carried Interest**

Infinedi or an affiliate of Infinedi is also entitled to receive distributions on a tiered basis generally starting with 20% of the profits on distributions derived from the disposition of investments or securities after taking into account certain expenses of the Private Funds, including 100% return to the limited partners of their cumulative capital contributions and an 8% per annum return on their each limited partner's capital contributions.

Although Carried Interest is a method of compensation that is generally used to align Infinedi's interests with those of its Private Funds' limited partners, it may also create an incentive for Infinedi to make more speculative investments. In addition, compensation in the form of Carried Interest may incentivize Infinedi to make different decisions regarding the timing and manner of the realization of its Private Funds' portfolio investments than would be the case if such Carried Interest were not part of its overall compensation structure. Infinedi seeks to address these conflicts through careful vetting of investment opportunities by its investment professionals and disclosure of investments to limited partners through capital call notices and periodic reports. Additionally, the Managing Partner and certain investment professionals will often invest in the

Private Funds indirectly (e.g., through general partner commitments) intended to align the interests of Infinedi and those of the Private Funds. In addition, the limited partnership agreements of certain Private Funds provide “claw back” provisions that require Infinedi or any affiliate receiving performance fees to return to the Private Funds distributions of Carried Interest if and to the extent that, in the aggregate, Infinedi or its affiliates have received such distributions in excess of the appropriate amount based on the stated 8% preferred return granted to the Limited Partners based on their capital contributions has not been achieved.

Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Private Fund) may create an incentive to disproportionately allocate services, time, or functions to Private Funds paying Carried Interest at disproportionate rates. Generally, this conflict is mitigated by procedures established in the Private Funds’ governing documents which include certain limitations on the ability of Infinedi to establish new investment funds, contractual provisions requiring certain Private Funds to purchase and sell investments contemporaneously and/or contractual provisions and procedures setting forth investment allocation requirements.

Detailed information regarding the Carried Interest to be borne by the investors in each of the Private Funds is contained in the relevant Private Fund’s offering documents and limited partnership agreements. Investors should not consider an investment in a Private Fund without fully understanding the Private Fund’s Carried Interest structure.

### **Co-Investments**

When the General Partner of a Private Fund deems it appropriate and consistent with the interests of the Private Fund, it may, but shall not be obligated to, provide the Private Fund’s limited partners or third parties with co-investment opportunities. The General Partner may allocate the available investments among the Private Funds, limited partners and any third party as the General Partner may, in its sole discretion, determine. The General Partner may consider any factors it deems relevant in determining such allocations, including, without limitation, the potential co-investor’s size, sophistication, tenure as an investor with Infinedi generally, commitment to making co-investment funds available, ability to consummate co-investments within a specified time frame, interest in pursuing co-investment opportunities, or strategic expertise. The terms of any such co-investment are negotiated by the General Partner and the potential co-investor on a case-by-case basis in their respective sole and absolute discretion, but the economic terms of such co-investment must be on terms substantially similar to and, in the case of co-investment by the Private Fund’s limited partners, no less favorable than those of the underlying portfolio investment made by the Private Fund. The General Partner may make a nominal investment in any vehicle formed for a co-investment opportunity.

From time to time, the General Partner may elect to facilitate co-investment opportunities with respect to a particular investment within a certain period of time after such investment is consummated by a Private Fund through subsequent sales or dispositions of portions of such investment to co-investors. Proceeds received by the Private Fund in connection with any such sale or disposition are generally distributed on a pro rata basis to all partners of the Private Fund

in proportion to their respective interests therein. In addition, the General Partner reserves the ability to charge any co-investor participating in such co-investment opportunity a cost of carry based on the cost basis of the interest in the investment being acquired by such co-investor. Any cost of carry paid to the Private Fund by a co-investor is also generally distributed on a pro rata basis to all partners of the Private Fund and may be treated as part of cumulative distributions to such partners under the Partnership Agreement for purposes of computing the preferred return. If a Private Fund elects to facilitate a co-investment opportunity in this manner, it will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, among other things, the Private Fund may hold a larger than expected interest in such portfolio investment, may bear a greater amount of fees, costs and expenses associated with such portfolio investment, or may realize lower than expected returns from such portfolio investment.

Co-investors typically bear their pro rata share of various fees, costs and expenses related to their co-investments and may be required to pay their pro rata share of fees, costs and expenses related to their potential co-investments that are not consummated, such as reverse breakup fees or broken deal costs. To the extent co-investors do not agree to or do not otherwise bear fees, costs and expenses related to unconsummated co-investments then such fees, costs and expenses will be borne by the Private Fund.

#### **Item 7: Types of Clients**

Infinedi provides investment advisory services to privately-offered pooled investment vehicles. For information on minimum commitment amounts, please see the related Private Fund's offering documents.

Investment in the Private Funds is limited to investors that meet certain financial sophistication requirements. Investors in the Private Funds must be (i) "accredited investors" within the meaning of Regulation D under the Securities Act of 1933, as amended, and (ii) "qualified purchasers" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act"). Certain Infinedi's employees who qualify as "knowledgeable employees" under Rule 3c-5 of the 1940 Act are also permitted to invest directly or indirectly in the Partnership. Investors considering an investment in the Private Funds should consult with their own investment, tax and/or legal consultants prior to investing.

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

Infinedi's investment process involves a structured approach to the entire value chain of investing, from idea generation through exit. The investment process is designed to seek consistent returns while preserving capital, implementing a leveraged buyout oriented program which serves as the foundation for Infinedi's investment program. Infinedi will utilize its investment approach, as well as its extensive network of contacts to identify, evaluate and execute potential investments in equity securities. The main components of the Private Fund's investment strategy are to (i) leverage the resources and investment opportunities within Infinedi (ii) offer a compelling value proposition to entrepreneurial business owners, and (iii) focus on middle market companies that fit Infinedi's investment criteria

The Private Funds will also employ an investment approach that emphasizes capital preservation and will endeavor to achieve safety of principal by investing in North American-based high quality companies that meet the investment criteria applied by Infinedi. The Private Funds will structure investments to maximize the impact of the capital, and in some cases may be senior in liquidation preference to a significant amount of underlying enterprise value. In addition the Private Fund's interest will be structured to include other rights, controls and protective covenants.

Infinedi adheres to an investment process that includes: (i) proactive sourcing; (ii) a stringent due diligence process; and (iii) active oversight and support. Infinedi's investment professionals take an active role in all phases of Infinedi's investment process.

Acquiring an interest in the Private Funds involves a number of risks. An investment in the Private Funds may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Partnership. No guarantee or representation is made that the Private Funds will achieve the investment objective or that investors will receive a return of their capital.

An investment in the Private Funds involves a risk of loss. A brief overview of some of the prominent risks related to Infinedi's investment strategy is outlined below:

### **Portfolio Concentration**

Although generally no more than 20% of the aggregate commitments to the Private Funds will be invested in any single portfolio company, diversification is not a requirement of the Private Funds. Accordingly, the Private Funds' portfolio investments may include a small number of large positions. While this portfolio concentration may enhance total returns, if any large position has a material loss, then returns may be lower than if they had invested in a more diversified portfolio.

### **Unspecified Investments**

The Private Funds may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. The success of the Private Funds will depend on the ability of the General Partner and Infinedi to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of such investments. Furthermore, to the extent the investment strategy of the Private Funds relies upon the recovery, stabilization or improvement of market and economic conditions and such events do not occur for an extended period of time, the Private Funds may not be able to invest a significant portion of its committed capital during its commitment period.

### **Financial Leverage**

The Private Funds expect to maintain financial leverage within each of its portfolio companies and may leverage a portfolio investment in order to achieve this goal. Such leverage may be substantial. Utilization of leverage will result in fees, expenses and interest costs to the Private Fund or its portfolio companies. If a Private Fund is unable to refinance a portfolio company in

order to maintain the desired amount of financial leverage, the Private Fund may realize lower than expected returns from the relevant portfolio investment and may hold a larger than expected equity investment in that portfolio investment.

Financial leverage significantly increases exposure to adverse economic factors, such as rising interest rates, downturns in the economy or deterioration in the condition of such portfolio companies or portfolio investments or their respective industries.

### **Illiquid and Long-Term Investments**

Generally, there will be significant period of time before the Private Funds will have completed its investments in portfolio companies. Such investments may take several years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Private investment transaction structures typically are not considered liquid. The return of capital and the realization of gains, if any, from a portfolio investment will generally occur only upon the partial or complete disposition or refinancing of such portfolio investment.

It is unlikely that there will be a public market for the securities held by the Private Funds at the time of their acquisition. Further, disposition of such investments may require a lengthy time period or may result in distributions in kind to investors.

### **Investments in Restructurings or Underperforming Companies**

The Private Funds may make investments in companies that are experiencing financial difficulties, which such companies may never overcome. Such investments could subject the Private Funds to additional potential liabilities exceeding the value of the Private Fund's original investment therein. Such investments of the Private Funds could also be subject to federal bankruptcy law and state fraudulent transfer laws, which may vary from state to state.

### **Failure to Make Capital Contributions**

If limited partners fail to pay when installments of their commitments to the Private Funds are due, the Private Funds may be unable to pay its obligations when such obligations are due. As a result, the Private Funds may be subjected to significant penalties that could limit opportunities, investment diversification and materially adversely affect the returns to all limited partners.

### **No Right to Control a Fund's Operations**

Limited partners will have no opportunity to control the operations of the Private Funds, including, without limitation, its investment and disposition decisions and decisions regarding the selection of service providers and the operation of a portfolio company. The limited partners will also have no opportunity to evaluate any economic, financial, and other information that will be utilized by Infinedi in its selection of portfolio investments. In addition, to the extent that a limited partner is not represented on the board of advisors, such limited partner will have no influence over matters submitted to the board of advisors for review or approval.

### **Middle Market Companies**

A significant component of the Private Funds' investment objectives is to invest in middle market companies. Although investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Middle market companies may have relatively limited product lines, markets, and financial and other resources. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in middle market companies, could make it difficult for the Partnership to react quickly to negative economic or political developments.

### **Investments in Less Established Companies**

The Private Funds may invest a portion of its assets in the securities of less established companies or early stage companies. Investments in such early stage companies may involve greater risks than those generally associated with investments in more established companies. Such companies also may have shorter operating histories on which to judge future performance and, in many cases, if operating, will have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues.

### **Investment Expenses and Broken Deal Expenses**

Investments of the Private Funds will require extensive due diligence, legal, and other costs prior to their consummation and may be subject to broken deal expenses if they are not consummated. The Private Funds will pay any fees, costs, and expenses incurred in discovering, developing, negotiating, evaluating, acquiring and structuring any investment opportunities it pursues, whether or not such investments are ultimately consummated, including investments pursued by Infinedi prior to the initial closing of the Partnership that are intended to become portfolio investments of the Private Funds. Additionally, the Private Funds may enter into agreements that involve payments, such as reverse break-up fees, by the Private Funds if it does not consummate the transaction. These expenses can be significant and may be material to the Private Funds. The Private Funds may incur, either directly or pursuant to its obligation to reimburse Infinedi for any such expenses advanced by it, significant expenses in connection with proposed investments that are not consummated without the opportunity for gain or recoupment of such expenses. See also "Co-Investments" under "Performance Based Fees and Side-by-Side Management" above.

### **Nature of Structured Capital Securities**

The Private Funds expect to invest in senior equity and junior debt securities. Although senior equity and junior debt securities are typically senior to common stock or other equity securities, the senior equity and debt securities in which the Private Funds may invest will generally be unsecured and subordinated to substantial amounts of senior debt, all or a significant portion of which may be secured. In addition, these securities may not be protected by all of the financial covenants, such as limitations upon additional indebtedness, typically protecting such senior debt.



Holders of subordinated debt generally are not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full. Holders of senior equity and junior debt securities are not entitled to payments until all creditors are paid. In addition, the remedies available to holders of subordinated debt are normally limited by restrictions benefitting senior creditors. In the event any portfolio company in which the Private Funds invest cannot generate adequate cash flow to meet senior debt service, the Private Funds may suffer a partial or total loss of capital invested.

- **Nature of Preferred Securities**

The Private Funds may invest in preferred securities which are rated in the lower rating categories by the various credit rating agencies or, more commonly, in comparable non-rated securities. Securities in the lower rating categories and comparable non-rated securities are subject to greater risk of loss of principal and interest than higher rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings and comparable non-rated securities in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher rated and comparable non-rated securities. The market for lower rated and comparable non-rated securities is thinner, often less liquid and less active than that for higher rated and comparable non-rated securities, which can adversely affect the prices at which these securities can be sold and may even make it impracticable to sell such securities.

### **Subordination of Investments**

The debt and equity investments of the Partnership will typically be subordinated to the senior obligations of an issuer, either contractually, in the case of debt securities, or because of the nature of the security, in the case of preferred stock, or structurally, in the case of an investment at the holding company level. Such subordinated investments may be characterized by greater credit risks than those associated with the senior obligations of the same issuer. Adverse changes in the financial condition of an issuer, general economic conditions, or both may impair the ability of such issuer to make payments on the subordinated securities and result in defaults on such securities more quickly than in the case of the senior obligations of such issuer.

### **Non-Control Position Risk**

Private Funds will generally hold non-controlling interests in its portfolio investments. Although Infinedi will negotiate negative covenants and other contractual restrictions applicable to the companies underlying such investments, it will primarily be the responsibility of the management teams and boards of directors of such companies to operate such companies on a day-to-day basis. Accordingly, Infinedi will have a limited ability to protect the Private Funds' investments in such companies. Further, the Partnership may have no right to appoint a director and a limited ability to influence such companies' management.

## **Control Position Risk**

Infinedi may make certain investments that allow the Private Funds to acquire control or exercise influence over management and the strategic direction of a portfolio investment. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, pension liabilities, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over a portfolio investment could expose the assets of the Private Funds to claims by portfolio companies underlying such investments, its security holders and its creditors. While Infinedi intends to manage the Private Funds to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

## **Non-United States Investments**

The Private Funds may invest in companies domiciled outside of the United States. Non-U.S. securities involve certain risks including risks relating to: (i) currency exchange matters; (ii) potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation in some countries; (iv) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, or social instability and the possibility of confiscatory taxation or expropriation; (v) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities and (vi) less developed corporate laws regarding, among other things, fiduciary duties and the protection of investors.

## **Cybersecurity**

Infinedi and the portfolio companies may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the limited partners and the Private Fund's investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to the operations of Infinedi and the portfolio companies and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of limited partners' personal information.

Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Infinedi or a portfolio company's controls and procedures, business continuity systems, and data security systems could prove to be inadequate. These problems may arise in both Infinedi's or a portfolio company's internally developed systems and the systems of third-party service providers.

## **Joint Venture Partners**

Some of the third-party operators and joint venture partners with whom Infinedi may elect to co-invest may have preexisting investments with Infinedi. The terms of the preexisting investments may differ from the terms upon which Private Funds invests with such operators and partners. To the extent a dispute arises between Infinedi and such operators and partners, the Private Funds' investments relating thereto may be affected.

## **Co-Investments**

See under "Performance Based Fees and Side-by-Side Management" and "Co-Investments" above.

## **Service Providers**

Service providers or affiliates of service providers (including lenders, brokers, accountants, administrators, bankers, consultants, attorneys, and investment banking firms) of the Partnership may be in a position to provide certain services to employees of Infinedi with respect to non-Partnership matters. The General Partner may recommend to Infinedi or a portfolio company that it contract for services with such service providers. As such, the receipt of services with respect to non-Partnership matters may influence or have the appearance of influencing the General Partner's decision whether to select such service provider for the Partnership or whether to recommend such service provider to a portfolio company. Furthermore, to the extent such service provider relies or depends on the General Partner for such recommendations or selection, such service provider may be conflicted in the course of work that otherwise requires independence or impartiality. For instance, if such service provider relies or depends on the referrals or direction of the General Partner for work performed for Infinedi or the Private Funds, such service provider may be inclined to provide better or more resources to the work of the General Partner or Infinedi personnel than to the work of the Private Funds. The General Partner addresses these conflicts of interest by using reasonable diligence to ascertain whether each service provider provides its service on a "best execution" basis, taking into account factors such as expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying the Infinedi's service provider selection criteria.

In addition, the General Partner may from time to time enter into arrangements with service providers that provide fee discounts for certain services. Generally, the General Partner will not itself receive, or permit employees of the Infinedi to receive, discounts with respect to services that are also provided to the Private Funds or portfolio companies unless the Private Funds or companies are charged similar rates. However, a portfolio company may not enjoy such discounts to the extent it engages such service provider on its own behalf and on independent terms.

Finally, on occasion, employees of certain key service providers engaged by Infinedi may invest in the Private Funds or co-investment vehicles. Investments from these parties are subject to the same subscription process as other investors in the Private Funds.

**Item 9: Disciplinary Information**

Infinedi and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

**Item 10: Other Financial Industry Activities and Affiliations**

As previously noted, Infinedi Group LLC serves as the General Partner of the Partnership.

The Managing Partner and Infinedi's employees may serve as members of the boards of directors or similar governing bodies of various companies and may participate in other activities outside of the Partnership. Conflicts may arise as a result of such activities and in the allocation of management resources. Investors should be aware that receipt of material non-public information by the Managing Partners and Infinedi's employees regarding these companies could preclude the Partnership from effecting transactions in the securities of such companies (to the extent permitted under its limited partnership agreement). The possibility exists that the companies with which one or more of the employees is involved could engage in transactions which would be suitable for the Partnership, but in which the Partnership might be unable to invest.

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

Infinedi has adopted a formal compliance code of conduct that includes a securities trading code of ethics, insider trading policies and procedures, and procedures to address "pay to play" rules and regulations. Among other things, the code of conduct requires that employees act with integrity, place the interests of clients above their own, avoid actual and potential conflicts of interest, and comply with applicable provisions of all laws. The policies also require employees to pre-clear certain personal securities transactions, report personal securities transactions on at least a quarterly basis, and provide Infinedi with a detailed summary of certain holdings annually. Infinedi regularly reviews its compliance systems and procedures with experienced compliance consultants.

A copy of Infinedi's securities compliance policy will be provided to any investor or prospective investor upon request.

The investment professionals of Infinedi may invest in the Private Funds as indirect partners of the General Partner. As indirect partners of the Private Funds, the investment professionals of Infinedi invest in transactions made by the Private Funds. While investments by related persons and investment professionals of Infinedi are intended to align interests of Infinedi and its related persons with those of the Private Funds, such investments may create conflicts (for example, in a diverse group of investors, including the investment professionals, with conflicting tax or other interests, decisions may be made that are more beneficial to one type of investor). Generally, investments and divestures are made on the same economic terms at the investment level for all partners of the Private Funds, including for Infinedi's related persons. Each investment is made pro rata among the partners of the Private Funds and Infinedi's related persons who are indirect partners so that Infinedi's related persons may not receive favorable terms or greater exposure to certain investments.

As described below under Passive Financing Vehicles, from time to time, the Managing Partner and certain Infinedi employees participate in an investment vehicle established to provide debt financing to certain of the Private Funds' portfolio companies. These transactions are carefully reviewed by Infinedi's Managing Partner and undertaken only to the extent that they are not otherwise prohibited by the Private Funds' limited partnership agreement.

### **Passive Financing Vehicles**

From time to time, when the Private Funds has committed or intends to acquire a security of or investment in a portfolio company and one more third parties have committed or intends to acquire (or has otherwise underwritten) the entirety of the debt instruments of such portfolio company (any such third party, a "Portfolio Company Lender"), then, a partnership or other entity (the partners or other owners of which consist of the Managing Partner or related persons of Infinedi) (a "Passive Financing Vehicle") may acquire such debt instruments. To manage conflicts that may arise, Infinedi generally requires (i) the Passive Financing Vehicle's holdings to be de minimis in value relative to the value of the applicable investment and (ii) the Passive Financing Vehicle to not be entitled to exercise any voting or similar indicia of control (subject to certain exceptions).

### **Enhanced Relationships with Certain Limited Partners**

In some cases, limited partners may also directly or indirectly (through an affiliate) provide financing, insurance, advisory or other services to Infinedi or one or more of the Private Funds' portfolio companies. To the extent Infinedi or any such portfolio company is seeking a provider of such services, they may be incentivized to procure such services from a limited partner (or one of its affiliates) on a basis other than best execution, best price or other similar basis. Such limited partners may also be aligned with Infinedi or one or more of their portfolio companies in manner that could give rise to conflicts of interest to the extent such limited partners are represented on the Partnership's board of advisors.

Also, with respect to conflicts of any nature, Infinedi may consult an advisory board of limited partners of the Private Funds and certain decisions of the advisory board will be binding on the limited partners.

### **Item 12: Brokerage Practices**

From time to time, the Private Funds may enter into currency transactions for the purposes of hedging non-U.S. investments. Infinedi does not typically participate in trading through broker-dealers. To the extent the Private Funds purchase public securities as part of a private equity transaction or acquires such securities as a result of a portfolio company going public, Infinedi will follow applicable SEC guidelines to seek best execution when implementing such transactions.

Infinedi does not have formal soft dollar arrangements. However, Infinedi may receive access to research made available through brokerage firms or investment banks. Infinedi believes this research is available to all managers of similar size. Infinedi does not direct transactions in lieu of payments for research or other services that do not benefit the Private Funds.

**Item 13: Review of Accounts**

Infinedi maintains continuous and ongoing oversight and review of the Private Funds' portfolio holdings by its senior investment professionals, including the Managing Partner. Infinedi furnishes audited financial statements to the Private Funds' limited partners annually. In addition, on a quarterly basis the Private Funds provide limited partners with unaudited financial statements and descriptive information regarding each portfolio company. The General Partner will furnish to each limited partner a Schedule K-1 (Internal Revenue Service Form 1065) or an equivalent report annually.

**Item 14: Client Referrals and Other Compensation**

Infinedi may engage placement agents, pursuant to a written agreement, to solicit investors for the Private Funds. Infinedi generally assumes full economic responsibility (through an offset to its management fees) for all fees payable to any placement agent in connection with the solicitation of new investors.

**Item 15: Custody**

Private Fund assets including cash, cash equivalents and, generally, certificated securities are held by unaffiliated, qualified custodians. Infinedi is deemed to have custody of the Private Fund assets because the General Partner can access the Private Funds' assets. In compliance with the Advisers Act, Infinedi has arranged for an annual audit of the Private Funds which is performed in accordance with U.S. generally accepted accounting principles (GAAP). A copy of the audited financial statements for each Private Fund is distributed to its limited partners within 120 days of the Private Funds' fiscal year end.

**Item 16: Investment Discretion**

Infinedi serves as the investment adviser with discretionary authority to implement investment decisions on behalf of the Private Funds. Infinedi's investment decisions and advice with respect to the Private Funds is subject to the applicable limited partnership agreements and any side letters that it executes with investors.

**Item 17: Voting Client Securities**

In the event the Private Funds hold equity positions or other positions that may solicit proxies, it is Infinedi's policy to review the proxies to determine whether a vote is material to shareholder value and in the best interest of the Private Funds. When a vote is deemed material to shareholder value it is Infinedi's policy to vote in a manner which it believes will increase shareholder value the most or decrease shareholder value the least. Infinedi's may abstain from voting if it deems that abstinence is in the Private Funds' best interests or when Infinedi has determined that the vote is immaterial to the value of the securities held by the Private Funds.

Current investors may request a copy of Infinedi's full proxy voting policies and procedures and record. Please contact Infinedi's CCO at (917) 596-4593.

**Item 18: Financial Information**

Infinedi has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to provide investment advisory services to the Firm.