

**INVESTMENT ADVISER BROCHURE**

**P4G CAPITAL MANAGEMENT, LLC**

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**March 1, 2019**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of P4G Capital Management, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (415) 510-2160. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

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## **MATERIAL CHANGES**

This Brochure is dated as of March 1, 2019 and will be amended annually or as necessary to reflect material changes. This Brochure is being filed in association with the Adviser's initial registration. There have been no previous filings; therefore, no material changes have been made to this Brochure from any prior filing.

## ADVISORY BUSINESS

The Adviser, a Delaware limited liability company and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Adviser commenced operations in February 2017. As of February 27, 2019, the Adviser managed \$128,834,749 in client assets on a discretionary basis.

The Adviser's clients include P4G Capital Partners I, L.P., P4G Capital Partners I-A, L.P., P4G Capital Partners I-B, L.P., P4G Capital Partners I Co-Invest Fund, L.P. (each, a "**Fund**," and together with any future private investment fund to which the Adviser or its affiliates provide investment advisory services, the "**Funds**"). The Adviser also manages two special purpose vehicles: Fore Aero Topco, LLC and UEI Topco, LLC (collectively, the "**SPVs**"). Each of the SPVs was formed prior to the Funds to hold a single subsidiary portfolio company.

P4G Capital Associates, L.P. (together with any future general partners that may be formed from time to time, each a "**General Partner**"), P4G Acquisition SPV, LLC and P4G Acquisition SPV III, LLC (together with any future SPV sponsors, each an "**SPV Sponsor**" and together with each General Partner, the Adviser and their affiliated entities "**P4G**") are affiliated with the Adviser.

Each General Partner is subject to 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 Funds and SPVs are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." P4G's investment advisory services to the Funds and SPVs consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Adviser or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds and SPVs have invested.

The advisory services to the Funds and SPVs are detailed in the applicable private placement memoranda or other offering documents (each, a "**Memorandum**"), limited partnership or other operating agreements or governing documents (each, a "**Partnership Agreement**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." 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 Partnership Agreement, although SPV investors only participate in the single investment made by each SPV. The Funds and SPVs or the General Partners generally enter into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights (including economic or other terms) under, or

altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, the Advisers expect to provide (or 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 Adviser's 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 or SPV 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 or SPVs after such Funds or SPVs have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund or SPV 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. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund or SPV.

The Adviser is principally owned by Rachel E. Lehman and Hugh Browne.

## **FEES AND COMPENSATION**

In general, the Adviser receives a management fee (the “**Management Fee**”) and a carried interest in connection with advisory services. P4G and/or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and SPVs, and such additional compensation from Fund (but not SPV) portfolio companies will offset in whole or in part the management fees otherwise payable to the Adviser. Investors in a Fund also bear certain expenses. A summary of the Fund's anticipated fees and expenses follows, but investors should review the applicable Fund's Partnership Agreement for details regarding fee structure and expenses.

### **Management Fees**

The Fund will pay the Adviser a Management Fee equal to 2% on an annual basis of aggregate capital commitments (“**Commitments**”) of investors that are not designated as “affiliated partners” by the General Partner. Commencing with the first Management Fee due date after the expiration of the Fund's investment period or earlier upon the occurrence of certain events as set forth in the applicable Partnership Agreement, the Management Fee will equal 2% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or completely written off, in each case with respect to Partners not designated as “affiliated partners”; provided that investments (other than Bridge Financings) in a portfolio company will be treated as having been disposed of or completely written off only to the extent that, as of the date of any such disposition

or write-off, the aggregate fair market value of all remaining Fund investments (excluding Bridge Financings) in such portfolio company is less than the Fund's aggregate investment contributions made with respect to such portfolio company. Investors participating in a subsequent closing after the initial closing date generally will be assessed Management Fees retroactive to the beginning of the investment period, with interest. Installments of the Management Fee payable for any period other than a full three-month period are adjusted on a *pro rata* basis according to the actual number of days in such period.

As further described in the Funds' Partnership Agreement, the Funds' Management Fee will be reduced by an amount equal to 100% of Transaction Fees attributable to Partners not designated as "affiliated partners" by the General Partner. "Transaction Fees" include any: (i) of any directors' fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth in the Partnership Agreement; but not including, in any event, any amount received by the General Partner, the PRG (as defined below) or other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company or (D) as compensation, including fees, incentive equity or other stock awards, for services rendered by the PRG (or a member thereof) to a portfolio company or prospective portfolio company.

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees. To the extent that any other fund or any other entity or individual co-invests alongside the Fund in any portfolio company investment, any Transaction Fees will be allocated among the Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, the Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee and not the portion of any fee allocable to any other investor in a portfolio company.

The Partnership Agreements generally permit the General Partner to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee will be treated as special contributions made by the limited partners of the Fund ("Limited Partners") and credited to the General Partner to the extent provided in the relevant Partnership Agreement. 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 could be significant. Due to waived or reduced Management Fees by the General Partner 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**

As more fully described in the Partnership Agreement, the Adviser will receive a carried interest with respect to the Fund equal to 20% of all realized profits subject to an 8% compound preferred return, as more fully described in the Partnership Agreement. 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 Partnership Agreement. The Adviser also receives a carried interest with respect to the SPVs, as more fully described in the applicable Operating Agreement.

It is expected that any future Funds and/or SPVs will have a similar fee structure.

## **Other Information**

The General Partner may, in its sole discretion, designate certain Partners as “affiliated partners” that may be exempted from all or some portion of the carried interest and/or the Management Fee. 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 the General Partner and limited partners who are affiliates, employees or other designees, including persons designated as “affiliated partners,” 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 Partnership Agreement, certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds and SPVs generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the relevant Fund or SPV, and investors generally are not permitted to withdraw or redeem interests in the Funds or SPVs.

Principals or other current or former employees of P4G 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 payable to the Adviser, each Fund and SPV bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement, a Fund bears all expenses relating to the Fund’s activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce transaction fees, including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, or otherwise disposing of, as applicable, the Fund’s portfolio companies and the its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software and

service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Fund, the General Partner or any “affiliated partner” on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with the Fund’s third-party administrator and administration or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to the PRG (as defined below) or any of its members, consultants performing investment initiatives and other similar consultants), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, compliance or regulatory filings or reports (including Form PF and any filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the Limited Partners; (xiii) any activities with respect to protecting the confidential or non-public nature of any information or data; (xiv) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the Advisory Board members, permitted observers and other Persons in attending or otherwise participating in meetings of the Advisory Board); (xv) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any General Partner and/or Limited Partner (collectively, the “**Partners**”) or other person pursuant to the Partnership Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xvi) 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; (xvii) any annual Limited Partner meeting or other periodic, if any, meetings of the Limited Partners and any other conference or meeting with any Limited Partner(s); (xviii) except as otherwise determined by the 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 the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities; (xix) the termination, liquidation, winding up or dissolution of the Fund; (xx) defaults by Partners in the payment of any capital contributions; (xxi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner and related entities and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxii) complying with any law or regulation related to the activities of the Fund (including regulatory expenses of the General Partner incurred in connection with the operation of the Fund and legal fees and expenses); (xxiii) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxiv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a Limited Partner; (xxv) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor by a Partner or such tax, fee or charge is treated as having been distributed to the Partners pursuant to the Partnership Agreement); (xxvi) distributions to the Partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxvii) unreimbursed expenses and unpaid fees of the PRG or its members, employees or other persons engaged by the PRG; (xxviii) compliance or regulatory matters related to the Fund, except as set forth in the Partnership Agreement; (xxix) any travel (including the cost of using any private aircraft or other private air travel at a cost above the cost of up to (i) an amount equal to the corresponding first class commercial airfare, as determined by the General Partner, or (ii) the actual cost of such travel if the General Partner determines that private aircraft or other private air travel is the only convenient means to reach a given location, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxx) any Organizational Expenses; (xxxi) any Placement Fees; and (xxxii) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board. The foregoing shall be Fund expenses notwithstanding that they may be specially treated or excluded from being characterized as an expense under GAAP. As set forth more fully in the applicable Partnership Agreement, an SPV bears all expenses relating to the SPV's activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce transaction fees, including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) expenses associated with the preparation of the SPV's financial statements and tax returns; (ii) expenses for banking, depository, safekeeping and custodial services; (iii) reasonable fees and expenses of attorneys, advisors, accountants, auditors, consultants, administrators, and other professionals retained by the SPV; (iv) taxes and other governmental charges, fees and duties payable by the SPV to federal, state, local and other governmental agencies; (v) insurance expense; and (vi) litigation expenses, including damages, settlements, and/or reimbursement obligations.

As is typical for private equity funds, the Funds and SPVs likely 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."

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 or SPVs, 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, 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 General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Funds or SPVs, and not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, 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 transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds and SPVs, on the one hand, and the Adviser and/or its affiliates on the other hand.

#### **P4G Portfolio Resource Group and Consultants**

Additionally, as further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is the Advisers' practice to retain certain operating partners 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. The P4G Portfolio Resource Group ("PRG" and, each individually, a "**PRG Member**") is a separate team of experienced professionals with sector-specific strategic consulting and operational expertise. The PRG will work alongside P4G's investment professionals and the Founding Principals to capitalize on attractive investment opportunities through their deal execution skills and data-centric due diligence methods. Members of the PRG are employees of P4G. Any compensation, including fees, incentive equity or other stock awards and expense reimbursements, received by PRG Members are expected to be paid by the Fund, an alternative investment vehicle, a portfolio company or a prospective portfolio company. No such compensation will reduce or offset the Fund's management fee, and, accordingly, such compensation is not paid out of the management fee.

PRG Members 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. PRG Members receive compensation, including, but not limited to cash fees, retainers, transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds or General Partners, remuneration from the Adviser and/or its Funds or affiliates or other compensation, which typically are determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such PRG Members, 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. PRG Members also generally will be reimbursed for travel and other costs in connection with their services. As described above, no such amounts will offset the Management Fee. The use of PRG Members subjects the Advisers to conflicts of interest, as discussed under “Conflicts of Interest,” below.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” the Adviser receives a carried interest allocation on certain realized profits in the Fund. Certain SPVs may be charged performance-based compensation in lower percentages or with higher preferred return amounts that must be met before the Adviser is compensated. This practice could present a conflict of interest because the Adviser has an incentive to favor accounts for which it receives the highest performance-based compensation. The Adviser does not advise Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain affiliated partners as described under “Fees and Compensation.” The Adviser does not believe managing SPVs that have lower performance-based fees causes a material conflict of interest because the Principals are expected to have an economic interest in each SPV portfolio company through the SPVs. In addition, each SPV only holds one investment and is not expected to make future investments in accordance with its governing documents, and therefore the Adviser intends to allocate future investment opportunities to the Funds because of the SPVs’ investment restrictions rather than the Adviser’s potential to receive performance-based compensation from the Funds.

The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund or SPV, as applicable, 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.

#### **TYPES OF CLIENTS**

The Adviser provides investment advice to the Funds and SPVs. The Funds and SPVs may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Investment Company Act”). The investors participating in the Funds and SPVs 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, PRG Members or other service providers retained by the Adviser.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent

of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Fund generally has a minimum investment amount of \$1,000,000 for third-party investors. Such minimum investment amount may be waived by the Adviser. The SPVs have varying contribution amounts depending on the particular portfolio company invested in and the number of investors. The Fund and SPV interests are offered and sold solely to “accredited investors,” as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and, unless waived in the discretion of the General Partner, “qualified purchasers” as that term is defined under the Investment Company Act (or qualified knowledgeable P4G personnel).

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

The adviser intends to principally focus on primarily control-oriented buyout investments in family-owned businesses where through acquisition, geographic expansion and organic build-up (capacity expansion, infrastructure development, management augmentation, revenue growth, margin growth, organizational design, etc.) substantial earnings growth may be achieved.

The Adviser intends to focus the Fund’s investment activity on control-oriented investments in the western region of United States-based lower-middle market opportunities, typically with EBITDAs between \$3 million and \$10 million. The Adviser’s investment approach is a framework-driven process that identifies, through extensive due diligence, attractive lower-middle market targets that have visible growth prospects and can benefit from P4G’s operational capabilities. Post-acquisition, P4G seeks to implement value transformations through deep sector knowledge and disciplined hands-on operational control specifically tailored for each portfolio company.

There can be no assurance that the Adviser will achieve the investment objectives of any Fund or SPV and a loss of investment is possible.

### **Investment and Operating Strategy**

The Adviser’s investment strategy is, broadly, characterized by the following key elements:

- Disciplined Investment Approach Capitalizing on an Underserved Market Segment with Unique Needs;
- Comprehensive Investment Sourcing and Evaluation Processes;
- Proprietary Investment Frameworks;
- Relevant Prior Operating Experience to Drive Transformations; and
- A Tailored Geographic Focus to Facilitate Post Close Engagement.

P4G’s tools, *P4G Assessment*, *P4G Value Map* and *P4G Monitor*, are the focal point of the Adviser’s lower-middle market investment approach. The Adviser believes that these frameworks

will allow the Adviser to better assess the value of a portfolio company during the due diligence process and post-acquisition, providing the Adviser's investment team with an intentionally focused approach to EBITDA growth and transformation.

*P4G Assessment* is used pre-acquisition by the Adviser to evaluate the quality and breadth of a potential portfolio company during due diligence. *P4G Assessment* involves formal scoring metrics to measure an organization's processes, management structure, management team members, revenue composition, intellectual property and other value contributors or detractors along with focused diligence efforts in areas of value or risk assessment. *P4G Assessment* includes strict adherence to our three-phase investment process, which has predefined elements of evaluation prior to an investment.

The *P4G Value Map* will define sources of EBITDA growth for the post-acquisition investment period. The *P4G Value Map* is used to formally quantify value creation initiatives, opportunity and risk profiles with a clear, identifiable EBITDA growth plan. The Adviser anticipates that it will drive growth in the Fund's portfolio companies' EBITDA with regular metric-driven performance evaluations, active Board participation and hands-on involvement by both the investment team augmented by the industry and functional area expertise of the PRG team. The *P4G Value Map* defines a multi-year investment transformation strategy that, in our prior experience, typically takes up to three years to complete.

Once the investment has entered the post-acquisition control phase, *P4G Monitor* is designed to identify areas of under-performance (challenges in the implementation of the *P4G Value Map*) that need more attention and areas of over-performance (opportunities in the *P4G Value Map* that can be leveraged for better returns). *P4G Monitor* represents a broad set of tools the Adviser has developed to provide quick insight and visibility to management through easy to read graphs, scorecards and key performance metrics.

## **Risks of Investment**

Each Fund (including for purposes of this section, each SPV) and its investors bear the risk of loss that the Adviser's investment strategy entails. The risks involved with the Adviser's investment strategy and an investment in a Fund include, but are not limited to:

*Business Risks.* The Fund's investment portfolio may 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 Founding Principals' prior investments is not necessarily indicative of the Fund's future results. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

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

*Concentration of Investments.* The Fund will participate in a limited number of investments and investments in one industry or one industry segment or within a short period of time. As a result, the 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. The SPVs hold single investments and therefore are highly concentrated. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

*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 Fund 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 Fund during the Investment Period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Partnership Agreement.

*Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Fund primarily through making control-oriented, growth equity investments as 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. The General Partner may pursue investments outside of the industries and sectors in which the Founding Principals have previously made investments.

*Growth Equity Transactions.* The Fund's strategy includes 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.

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

*Illiquidity; Lack of Current Distributions.* An investment in the Fund 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 Fund (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

*Leveraged Investments.* The Fund 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 Fund's 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 Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's 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 Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency. The Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by the Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the 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 Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

*Focus on Early-Stage and Start-Up Investments.* Although the Fund does not presently intend to do so, the Fund may make investments from time to time in start-up and early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon

than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Fund will be successful.

*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 Fund investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to 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, the PRG Team and Portfolio Company Management.* The Fund has limited operating history and will be dependent on the General Partner. Control over the operation of the Fund will be vested with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the Founding Principals. The loss or reduction of service of one or more of the Founding Principals could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, the Founding Principals may in the future, manage other investment funds besides the Fund and the Founding 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 Founding Principals. Limited Partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund 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 Fund 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 Fund generally intends 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 Fund's objectives. Additionally, there can be no assurance that the industry-specific knowledge and experience of members of the PRG team will assist the General Partner in performing due diligence in respect of any potential acquisition or, moreover, have a successful impact on the operational performance of any portfolio company.

*Projections.* Projected operating results of a company in which the Fund invests 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.

*Conflicting Investor Interests.* Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring 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 Fund 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 Fund's activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, the 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 Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* The Fund 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 Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund 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.* The General Partner may (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund 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 Fund 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 Fund 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 or other regulator or comply with an applicable exemption.

*Public Company Holdings.* The Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Founding Principals and increased costs associated with each of the aforementioned risks.

*Distressed Investments.* The Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

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 Fund 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 Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. 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 Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's 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 Fund's 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 Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective.

Material Non-Public Information. As a result of the operations of P4G and its affiliates, P4G frequently comes into possession of confidential or material, non-public information. Therefore, P4G and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Fund. Consequently, the Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or P4G's internal policies. Due to these restrictions, the Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

*Certain Consultants.* The General Partner, the Fund and the portfolio companies may from time to time retain other companies, individuals and PRG Members (“Special Consultants”), which may be affiliates and/or employees of the General Partner, employees of such affiliates, portfolio companies of other funds managed by the General Partner or its affiliates, third party consultants (including individual consultants and external executives), “operating partners,” “strategic partners,” “executive partners” or “senior advisors.” The Special Consultants may be engaged to provide services to, or in connection with, the Fund in relation to its activities or one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies (“Services”).

Pursuant to the Partnership Agreement, fees and expenses associated with the Services (collectively “Consulting Fees and Expenses”), may be paid and/or reimbursed by applicable portfolio companies and/or the Fund. Consulting Fees and Expenses may, at the discretion of the General Partner taking into account the particular Services, include a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultant, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Additionally, portfolio companies may provide opportunities for Special Consultants to invest in such portfolio company and reimburse costs and expenses incurred by Special Consultants. Special Consultants also may receive remuneration from the General Partner and/or the Fund or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to a Special Consultant will not offset the Management Fee. Special Consultants may have a limited partnership or profit interest in the Fund, the General Partner, one or more other investment funds sponsored by the General Partner or in an affiliate of the General Partner. Although the General Partner intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, the General Partner intends to retain only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

*Unfunded Pension Liabilities of Portfolio Companies.* Recent 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 Fund intends to manage its investments to minimize any such exposure, the 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 the Fund may own an 80% or greater interest in such a portfolio company. If the Fund (or other 80%-owned portfolio companies of the 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 the Fund invests. This discussion is based on current court decisions, statute and regulations

regarding ERISA control group liability as in effect as of the date of this Memorandum, 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. 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.

Co-Investments. The General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the Fund or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, the General Partner may consider some or all of a wide range of factors, which may include factors which benefit the General Partner such as the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates.

The Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the investment objectives of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that the Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Limited Partners. When and to the extent that employees and related persons of the General Partner make capital investments in or alongside the Fund, the General Partner is subject to conflicting interests in connection with these investments. The General Partner's allocation of co-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.

The General Partner has formed the Co-Investment Fund to allow Limited Partners to make an additional commitment to participate in investments in portfolio companies made by the Fund. Limited Partners may participate in the Co-Investment Fund in amounts determined in the sole

discretion of the General Partner. The Co-Investment Fund's participation in investments in portfolio companies may reduce the size of the investments in such portfolio companies by the Fund. Accordingly, a Limited Partner that does not participate in the Co-Investment Fund may have a smaller exposure to the Fund's portfolio companies than would be the case if (i) such Limited Partner opted to make an investment in the Co-Investment Fund or (ii) if the General Partner had not formed the Co-Investment Fund.

### **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 account of other 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 and SPVs in an appropriate manner, as required by the relevant Partnership Agreement, although the Funds, the SPVs 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 or SPV may conflict with the interests of the Adviser, one or more other Funds or SPVs, 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 and SPV operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds, as applicable.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by the Adviser principals through such Fund, subject to certain limited exceptions. Without limitation, the Adviser 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 Adviser's principals and the Adviser's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Adviser principals may control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, the Adviser principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

As noted above, each SPV only is expected to hold one portfolio company, therefore until the Adviser manages additional Funds, the Adviser does not believe any potential conflict of interest will exist with respect to the allocation of investment opportunities. To the extent the Adviser manages additional Funds that make multiple investments, from time to time, the Adviser will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Adviser. 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. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

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, as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant client's Partnership Agreements and Side Letters, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund may invest together with other Funds or SPVs advised by an affiliated adviser of the Adviser in the manner set forth in the relevant Partnership Agreements and the Adviser's Allocation Policy. 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 of allocation among Funds, 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 co-investors similar thereto; 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 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 or the Adviser. The Advisers 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, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other the Adviser investors. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds and SPVs, 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 or SPV 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, discussed herein, did not exist.

In certain cases, the Adviser will 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 or SPV. In such cases, the Adviser will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, 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 Fund 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 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. 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 or SPV makes investments in conjunction with an investment being made by another Fund or SPV, or if it were to invest in the securities of a company in which another Fund or SPV has already made an investment. A Fund or SPV 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 or SPVs. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund or SPV and the other Fund(s), SPV(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 or SPV's investments will be the same as the returns obtained by other Funds or SPVs 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 or SPVs that adversely affect other Funds or SPVs.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds and SPVs, 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 and SPV expenses typically will be allocated among all relevant Funds, SPVs 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 best 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, SPVs or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Funds and SPVs may have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds and SPVs bearing different levels of expenses with respect to the same investment.

As a result of the Funds' and SPVs' 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 the 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. Unless such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund or SPV 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 subjects the Adviser and its affiliates to conflicts of interest because the Funds and SPVs 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, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

The Adviser generally exercises its discretion to recommend to a Fund or SPV 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 limited partners 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 limited partners 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 a limited partner) 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 Funds, SPVs 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 benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, from time to time the Adviser may cause a Fund or SPV to enter into a transaction whereby the Fund or SPV purchases securities from, or sells securities to, other Funds or SPVs managed by the Adviser, or co-investors or co-investment 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 or SPV 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 or SPV supports the value of portfolio companies owned by another Fund or SPV. 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 represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' limited partnership agreements 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) or SPV(s) (including, where authorized, the consent of each 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 Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although the Adviser generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, the Adviser intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

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, SPVs 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, SPVs or other investment vehicles they advise. The Adviser may have a conflict of interest with a Fund or SPV in recommending the retention or continuation of a third-party service provider to such Fund or SPV 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 or SPVs, 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 the 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 secondees 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 secondees arrangement.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the Fund's Partnership Agreement and any policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of the Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds and SPVs, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

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

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to Special Consultants and other consultants (including 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 Management Fee as described herein. Special Consultants generally make use of the Adviser 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. Special 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 Special 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 Special Consultant is lower than market rates for the services provided and/or if the services of the Special Consultant align with the Adviser's model for the portfolio company and improve portfolio company performance. Although the Adviser seeks to retain Special 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 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 Funds' limited partners, and seeks to retain only Special 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.

The Adviser and/or its affiliates may enter into Side Letters with certain investors in a Fund or SPV 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.

From time to time the Adviser, its affiliates and personnel and persons selected by them expect to receive the benefit of “friends and family” and similar discounts from portfolio companies owned by the Funds and SPVs under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than the Adviser and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, the Adviser believes that the potential for conflicts of interest relating to such discounts is mitigated.

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 investors in its Funds and SPVs and the obligations owed by the Adviser’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles 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. Where necessary, the Adviser consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

#### **DISCIPLINARY INFORMATION**

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

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Adviser is affiliated with the General Partner, which is registered with the SEC under the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. The General Partner and the Adviser operate as a single advisory business and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Adviser has adopted the P4G Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of P4G principals and employees and addresses conflicts that arise from personal trading. The Code requires certain P4G personnel to report their personal securities transactions, prohibits or requires pre-clearance for P4G personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits P4G personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the P4G Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to the P4G Chief Compliance Officer at (415) 510-2160. 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.

The Adviser and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser.

Accordingly, should the Adviser 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 P4G personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of the Adviser and its affiliates may directly or indirectly own an interest in one or more Funds, and SPVs, as well as 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 the Advisers, 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 and SPVs may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments

of certain other vehicles in issuers held by such Funds and SPVs or may give priority with respect to investments to such Funds and SPVs. Some of these restrictions could be waived by investors (or their representatives) in such Funds and SPVs.

### **BROKERAGE PRACTICES**

The Adviser 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 SPV or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Adviser does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Adviser’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Adviser, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between the Adviser and its affiliates.

The Adviser will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, the Adviser may, in its discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Adviser has determined in good faith

that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Adviser would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Adviser will periodically determine which brokers have provided research that has been helpful in the management of Funds. To the extent consistent with the Adviser's goal to obtain best execution for their clients, the Adviser may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Adviser allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution. To the extent the Adviser uses "soft dollars" on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

The Adviser does not anticipate engaging in significant public securities transactions; however, to the extent that the Adviser engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Adviser may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Adviser may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Adviser is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Funds over time.

In the Adviser'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.



## **REVIEW OF ACCOUNTS**

The investments made by the Funds and SPVs 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. However, the Adviser monitors companies in which the Funds and SPVs invest, and the P4G Chief Compliance Officer periodically checks to confirm that each Fund and SPV is maintained in accordance with its stated objectives.

Each Fund and SPV generally will provide to its limited partners (i) audited financial statements annually commencing with the first year in which it makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each Partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such 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. *See* "Fees and Compensation."

From time to time, the Adviser enters 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).

## **CUSTODY**

The Adviser maintains custody of assets held in the name of one or more Funds and SPVs with Silicon Valley Bank.

## **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 or SPV 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 Partnership Agreement and powers of attorney executed by the limited partners of such Fund or SPV, as applicable.

## **VOTING CLIENT SECURITIES**

The Adviser has adopted the P4G Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for Fund and SPV portfolio investments. The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the Funds and SPVs, including where there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of each Fund’s and SPV’s investors, for example, through the principals’ beneficial ownership interests in such Fund or SPV and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board may approve the Adviser’s vote in a particular solicitation. The Adviser does not consider service on portfolio company boards by the Adviser personnel or the Adviser’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a Fund. Clients or investors that would like a copy of the Adviser’s complete Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies may contact the P4G Chief Compliance Officer at (415) 510-2160, and it will be provided at no charge.

## **FINANCIAL INFORMATION**

The Adviser does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.