

WL Ross & Co.

## **Form ADV Part 2A**

### **Firm Brochure**

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December 13, 2019

This brochure provides information about the qualifications and business practices of WL Ross & Co. LLC (“WLR”, or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 212-826-1100. 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 securities authority.

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

WLR is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## **Item 2: Material Changes**

This Item 2 requires an investment adviser that is amending its brochure to identify and discuss any material changes since the last annual update of its brochure.

This brochure was updated on December 13, 2019 to reflect certain organizational and supervisory changes relating to the business of WLR and its affiliated investment advisers.

### Item 3: Table of Contents

<u>Item Number</u>	<u>Page</u>
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees and Side-by-Side Management .....	10
Item 7: Types of Clients .....	11
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	12
Item 9: Disciplinary Information .....	21
Item 10: Other Financial Industry Activities and Affiliations.....	22
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	24
Item 12: Brokerage Practices.....	28
Item 13: Review of Accounts .....	30
Item 14: Client Referrals and Other Compensation .....	31
Item 15: Custody.....	32
Item 16: Investment Discretion .....	33
Item 17: Voting Client Securities .....	34
Item 18: Financial Information.....	35
Item 19: Requirements for State-Registered Advisers .....	36

#### **Item 4: Advisory Business**

This Item 4 requires an investment adviser to describe its advisory business, including the types of services offered, whether the investment adviser specializes in a particular type of advisory service and the amount of assets managed by the investment adviser.

WLR, a Delaware corporation formed in 2000, was acquired in 2006 by Invesco Ltd. (“Invesco”), a publicly held global investment management company with offices throughout the world that trades on the New York Stock Exchange (NYSE: IVZ). WLR is directly owned by Invesco Private Capital, Inc. (“IPC”), a subsidiary of Invesco, and has been registered with the SEC since 2007.

WLR is headquartered in New York City. WLR offers investment advisory services primarily to institutional investors through private investment funds (each, a “Fund” and collectively, the “Funds”), separately managed accounts (each, a “SMA” and collectively, the “SMAs”), as well as intermediate investment vehicles (each, a “Intermediate Vehicle” and collectively “Intermediate Vehicles”) and co-investment vehicles (the Funds and the SMAs are collectively referred to herein as “Client” or “Clients”). WLR’s primary investment strategy is Private Equity (referred to herein as “Invesco Private Equity” or “IPE”) which is described in Item 8 in this brochure.

**WLR Funds.** WLR provides investment advisory services to Funds structured as pooled investment vehicles exempt from SEC registration under the Investment Company Act of 1940, as amended (the “Investment Company Act” or “1940 Act”). These securities are also exempt from registration with the SEC under the Securities Act of 1933, as amended (the “Securities Act”). Investment advisory services are provided directly to the Funds, subject to the direction and control of the affiliated general partner of each Fund. Investment guidelines and restrictions, if any, for each Fund managed by WLR are based upon the investment objectives and limitations of those Funds as stated in the Fund’s offering materials, disclosure documents, management agreements and/or other governing documents (each a “Governing Document” and collectively, the “Governing Documents”). WLR does not tailor its investment management to the individual needs of any Fund investor.

**Separately Managed Accounts.** WLR also provides investment advisory services to SMAs. SMAs may be reasonably tailored to a Client’s needs. WLR and SMAs work together to determine appropriate investment objectives, policies and restrictions for each SMA. The terms negotiated between a SMA and WLR, including management fees, will typically be memorialized in a written investment advisory agreement. SMAs may have terms that differ from those of the Funds.

**Intermediate Investment Vehicles.** In addition to providing investment advisory services to the Funds and SMAs, WLR may from time to time facilitate access to one or more Funds through an Intermediate Vehicle managed by WLR or an affiliate. Intermediate Vehicle arrangements, including fees and expenses charged to the Intermediate Vehicles, are established on a case by case basis at the sole and absolute discretion of WLR depending upon

various factors, including but not limited to, the size and scope of the investment mandate, investment strategy and objectives, and individual investment requirements.

**Co-Investment Opportunities.** WLR can, in its sole and absolute discretion, provide co-investment opportunities to existing Clients, or other strategic investors, subject to certain terms and conditions as determined by WLR.

WLR also provides investment advisory services to employees' securities companies, which are employer-sponsored investment companies, the beneficial owners of which include certain current and former employees. Employees' securities companies are offered as parallel vehicles to certain Funds.

Certain Clients may enter into advisory arrangements with WLR whereby investment discretion is not exercised by WLR.

As of November 30, 2019, WLR manages \$1,499,823,284 of Client assets on a discretionary basis and \$269,444,265 on a non-discretionary basis.

## Item 5: Fees and Compensation

This Item 5 requires an investment adviser to describe how it is compensated for its advisory services, as well as what other costs are borne by an advisory client.

WLR generally receives management fees and carried interest allocations in connection with the investment management and administrative services WLR provides to the Funds and other Clients. Certain co-investment vehicles, SMAs and Intermediate Vehicles may not be subject to such fees and/or carried interest allocations. Generally, fees are deducted from Funds and SMAs are billed for fees incurred.

Management fees, carried interest allocations and other compensation payable to WLR by the Funds or other Clients, together with other terms governing the management of the Funds or other Clients by WLR, are established by WLR at the time of the establishment of the relevant Funds or Client accounts. Fees and compensation may be negotiated with participating investors prior to their investment or at the beginning of the management relationship with the relevant Fund or Client, as applicable. Specific details of such compensation and its method of calculation are set out in the Governing Documents of the relevant Funds or Client accounts which may include side letter agreements, if any, and may vary as between the Funds and other Clients. Employees of the firm or its affiliates investing in employees' securities companies offered as parallel vehicles to a Fund may enjoy more favorable fee structures.

WLR generally charges management fees in arrears, however the Governing Documents for certain Funds or other Clients permit charging of management fees in advance. To the extent fees are paid in advance and services terminate prior to quarter end, WLR will address reimbursement of any prepaid fees in accordance with the relevant Governing Documents, as applicable.

**Management Fees.** Management fees compensate WLR for various services the Firm's professionals provide in managing the Funds or for other Clients. WLR receives periodic management fees from the Funds or other Clients of up to 2% of capital committed to, the net asset value of, or the remaining invested capital of, the relevant Fund or Client, depending, in particular, on the strategy of the relevant Fund or Client, the amount of assets being placed under management with the Firm and the point in time in the life cycle of the relevant Fund or Client account. Management fees are paid quarterly. Management fees payable to WLR by certain Funds may also be reduced by certain other compensation received by the Firm or its affiliates such as board of director fees that relate to the relevant Fund and its activities or by certain organizational, offering and other expenses borne by a Fund and disclosed in the respective Governing Documents.

**Carried Interests.** In addition to management fees, WLR or the general partners of the Funds may receive distributions of carried interests or profits of up to 20% of profits earned on investments typically above a preferred return hurdle. Typically, carried interest distributions are also subject to a catchup on the preferred return and a clawback if such distribution exceeds the stated rate.

**Other Fees or Expenses.** WLR and its affiliates may be entitled to receive cash and noncash, organizational, set-up, underwriting, syndication and other similar fees in connection with the purchase, monitoring or disposition of portfolio investments or from unconsummated transactions including warrants, options, derivatives and other rights in respect of securities owned by the Fund and/or other Client accounts. WLR and its affiliates may also receive break-up, origination, commitment, broken deal, topped bid, cancellation, monitoring, closing, financial advisory, investment banking, director or other transaction fees in connection with portfolio investments or proposed portfolio investments or commitments made by the Fund or other Client accounts which can be broken down generally into two categories: creditable fees and non-creditable fees. In accordance with each Fund's and/or Client account's Governing Documents, a portion of the creditable fees, net of applicable expenses, generally are offset against management fees payable by the relevant Fund or Client account while non-creditable fees do not reduce management fees.

WLR's ability to receive fees (and related expense reimbursements) from portfolio companies for performing consulting and other services for, or serving as directors (or similar positions) of, such portfolio companies represents a potential conflict of interest to the extent that the Fund and/or Client account has or will have control or significant influence over such portfolio companies, although this potential conflict of interest is mitigated by the fact that the amounts of such transaction fees are typically negotiated with the applicable portfolio company's management team and/or any roll-over equity holders, as well as the fact that a portion of the Fund's and/or Client account's proportionate share of any such fees (net of unreimbursed expenses and excluding any expense reimbursements) will be credited against future management fees in accordance with the applicable Fund's and/or Client account's Governing Documents.

Co-investors will typically bear their pro rata share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and may be required to pay their pro rata share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. WLR endeavors to allocate such fees, costs and expenses on a fair and equitable basis. In some instances, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments (and in certain circumstances, co-investors may not bear such fees, costs and expenses because they have not been identified as of the time such potential investment ceases to be pursued). In such event, such fees, costs and expenses will be considered operating expenses of and be borne by the relevant Fund.

In addition to the various fees above, Clients, specifically the Funds, could bear certain other fees and expenses, as permitted by the Governing Documents, which are incidental or related to the management and operation of the Funds and are permitted under the Governing Documents. These Fund fees and expenses include, but are not limited to: all costs and expenses relating to their operations, activities, investments and business that are not reimbursed by a portfolio company or portfolio fund (which reimbursements may be for travel,

including, in certain circumstances, meal and entertainment expenses, and other expenses incurred in connection with such Fund investment) or applied to reduce transaction fees (as defined by the relevant Fund's Governing Documents), including, but not limited to: (a) legal, auditing, consulting, expert network, and accounting fees and expenses (including costs of reports to the partners, financial statements, tax returns, tax estimates and Schedule K-1s and any other Fund related reporting, and all costs associated with the Funds' administration or filing obligations (including (i) expenses incurred in connection with the payment to a third party administrator, if applicable, for the performance of services including administrative and back-office services and (ii) expenses and costs associated with any software or online data portal used in connection with the maintenance of the Funds' books and with such reporting)); (b) any taxes, fees or other governmental charges levied against the Funds or on their income or assets in connection with their business or operations and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, in each case, except to the extent such amounts are (i) allocable to, or subject to indemnification by, a partner and (ii) actually borne or paid by such partner; (c) all expenses and costs incurred in connection with compliance with any applicable regulatory regimes as may be required by applicable laws, rules and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, any applicable Commodity Futures Trading Commission Rules, and any regulatory filings required to be made in respect of the Funds or any Alternative Investment Vehicle or Feeder Fund (including FATCA, Form PF and those relating to the Alternative Investment Fund Managers Directive (the "AIFM Directive"), but excluding Form ADV); (d) custodial fees, commissions, other fees and expenses arising from its operations; (e) expenses and fees incurred in connection with the identification, investigation, structuring, acquisition, holding, organizing, managing, operating, valuing, winding up, liquidating, dissolving and disposition of the Funds' proposed or actual portfolio investments, whether or not consummated (including due diligence in connection therewith and refinancing thereof), including, but not limited to, interest on money borrowed by or on behalf of the Fund, legal, accounting, audit, consulting, travel, meals, entertainment, hedging, attendance at conferences in connection with the evaluation of potential portfolio investments or specific sectors or industries to the extent such conferences are in furtherance of the Funds' business, and other expenses (to the extent not subject to reimbursement); (f) appraisal fees and expenses, including, but not limited to, the cost of obtaining from an independent appraisal firm a valuation of the portfolio investments held by the Funds as of the end of each fiscal year and expenses incurred in connection with other third party valuations; (g) any expenses and costs incurred in connection with a proposed portfolio investment that would have been allocable to co-investors had such proposed transaction or investment been consummated, if the amount allocable to such co-investors is not paid by such parties; (h) commissions, brokerage fees, custody fees, legal fees and expenses or similar charges incurred in connection with the purchase and sale of securities; (i) distressed loan servicing fees; (j) reasonable expenses of the members of the advisory board earned, charged or incurred in their capacity as such; (k) all fees, expenses and settlements related to hedging transactions; (l) all expenses relating to litigation and threatened litigation, investigation, indemnifications, settlements or reviews or other extraordinary events involving the Funds and the amount of any judgments or settlements paid in connection therewith (except for legal expenses related to litigation, investigation settlements or reviews or other extraordinary events arising from acts or



omissions of the general partner, its agents or employees as to which it has been determined that the Fund's general partner, its agents or employees has engaged in disqualifying conduct as defined by the applicable Funds' Governing Documents); (m) fees and expenses of independent accountants for formal accounting systems and the preparation and review of financial statements, other reports and filings to or for partners; (n) fees and expenses for banking, investment banking, legal, accounting and/or custodial services, and other services supplied by independent collateral agents and other specialized professional service firms, in each case provided to the Funds at the request of its general partner or members of its advisory board; (o) all insurance premiums or similar expenses incurred in connection with the activities and management of the Funds (including directors and officers, errors and omissions liability and other insurance); (p) fees incurred by the Funds for special advisory or consulting services; (q) expenses for the operations and maintenance of any other entity formed as an affiliate of the Funds for the purpose of making portfolio investments or conducting other permitted activities of the Funds; (r) the cost of forming and maintaining alternative investment vehicles and any holding vehicles formed in connection thereto; (s) expenses incurred for the holding of general meetings of the limited partners and related meal and entertainment expenses, if any; (t) all expenses incurred in connection with any indebtedness of the Funds; (u) all expenses of liquidating the Funds and (v) all other costs incurred in connection with the administration of the Funds or otherwise that may be authorized by the Funds' limited partnership agreement or Governing Documents or approved by a majority in interest of the limited partners or the advisory board. WLR provides personnel, office space and facilities to the Fund, and assumes all routine expenses (such as salaries, support services, rent, telephone, utility and travel expenses) of conducting the Funds' investment activities.

In certain instances, the Firm has appointed service companies to act as service providers to portfolio companies owned by those Clients. Such Clients are charged fees on an arm's length basis. Similarly, WLR may provide certain fund administration services to a Fund rather than engage a third-party administrator to perform such services. The costs for providing these fund administration services performed by WLR employees to various Funds are not included in the management fee and are charged to the relevant Funds. WLR's ability to determine the fund administration fee it receives from such Funds creates a conflict of interest. WLR addresses this conflict by reviewing its fund administration fee at least every two years to ensure that it is comparable and fair with regard to equivalent services performed by non-affiliated third-party administrators at a rate negotiated on an arm's length basis.

Whether an expense is a Client or Firm expense is memorialized in the respective Client's Governing Documents. Expense allocation determinations are made in accordance with the Firm's Fees and Expenses Processing and Allocation Policy and the applicable Clients' Governing Documents. Expense allocations to a Client or between or among the Clients, as applicable, are documented, reviewed and, as applicable, approved by the Firm's Expense Review Committee. In general, expenses are allocable pro rata to each Client that receives the benefit of such expense. At times, certain expenses, such as board of directors' travel, litigation or research, are reimbursed by portfolio companies.

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

This Item 6 requires an investment adviser that charges performance-based fees to disclose how the investment adviser addresses any conflicts that arise from managing accounts side-by-side where one account bears performance-based fees and the other account does not.

Consistent with the provisions of Rule 205-3 under the Advisers Act and as discussed in Item 5, WLR or its affiliated Fund general partners are entitled to performance-based fees in connection with certain of their Fund and/or Client accounts, depending upon the nature and investment strategy of the Fund or Client account.

Certain Clients pay WLR both management fees and carried interests, while others only pay management fees or no fees at all. These Client accounts can be in the same strategy and could consider similar investments. Performance-based fee arrangements may create an incentive for WLR to recommend investments to such Client accounts, which may be riskier, more speculative, or potentially more profitable than those which would be recommended under a different fee arrangement. Each of the Funds' and/or Client accounts' investment approach, strategy and focus are defined in the Funds' and/or Clients' respective Governing Documents, and the Firm has adopted allocation policies and procedures, subject to certain investment considerations, to handle potential conflicts of interest in relation to investment overlaps among Client accounts, including those with different fee structures. The Firm's policies and procedures and Code of Ethics are designed to address potential conflicts of interest. WLR, guided by its fiduciary duties, seeks to manage potential conflicts of interest in good faith with the goal of ensuring that investments are allocated on a fair and equitable basis subject to the investment guidelines and other relevant provisions of the affected Clients' Governing Documents.

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

This Item 7 requires an investment adviser to disclose the types of clients that it generally advises and any minimum requirements for opening an account.

WLR provides investment advisory services to Funds and SMAs. Client opportunities also may be offered solutions through a co-investment vehicle, Intermediate Vehicle, or joint venture opportunities. WLR manages assets for its Funds and SMAs and offers its Funds, either directly or through its affiliate, Invesco Distributors' Inc., to persons who are "qualified purchasers" as defined in the Investment Company Act, "accredited investors" as defined in Regulation D under the Securities Act, and "knowledgeable employees" as defined in Rule 3c-5 under the Investment Company Act.

Investors in Funds and SMA Client accounts may include, but are not limited to, a range of U.S. and non-U.S. institutional investors, governmental and corporate pension and profit sharing plans (including investors regulated under the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), endowments and foundations, financial institutions, insurance companies, private wealth and other third party distribution platforms and certain high net worth individuals and family offices, and sovereign wealth funds. Additionally, WLR and/or its employees and affiliates may make capital contributions to the Funds, the general partners of the Funds.

The minimum account size for SMAs is typically \$50 million of assets under management. For Funds, the minimum investment is \$5 million. WLR has the discretion to waive these minimums.

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

This Item 8 requires an investment adviser to describe its investment strategy and methods of analysis, including risks associated with such strategy and methods of analysis. In addition, an investment adviser must disclose that investing in securities involves risk of loss that clients should be prepared to bear.

The investment strategies, methods of analysis, and risks associated with each strategy are described below. The specific investment strategy and corresponding method of analysis for each Client will be specified in more detail in Governing Documents of such Client. Investing in each strategy involves risk of loss that Clients should be prepared to bear. The summary of risks below may not be applicable to all Funds or Clients and does not purport to be a complete list or explanation of all risks involved.

**Methods of Analysis.** WLR advises private equity funds and other investment vehicles that invest capital for long-term appreciation, primarily either through control or significant influence of companies or minority positions. WLR also manages investments in assets across a broad range of sectors and typically seeks to invest in companies the Firm believes possess strong business fundamentals.

In advance of committing significant resources to a potential investment opportunity, all opportunities undergo a preliminary screening process with the Investment Committees. This initial process is an essential step focused on transparency, resource allocation and ensuring fit with WLR's investment philosophy. Once an opportunity has been determined to be actionable, a deal team comprised of the investment professionals who are responsible for the target industry is staffed to perform more detailed due diligence. One or more mid and junior level team members will be responsible for the business and financial evaluation, including building the model, while one senior team member will be responsible for negotiating the documentation and overseeing the overall underwriting process. Where applicable, WLR will supplement our library of in-house knowledge with the insights of our portfolio company executives, technical advisors, expert networks, and channel checks. Once the due diligence process has been completed, a detailed investment memo will be generated which contains an evaluation of the business and submitted to the Investment Committee for discussion and approval.

Throughout the due diligence process, Investment Committee members will be frequently updated and consulted with, allowing for real time feedback and guidance. WLR believes this approach allows for a dynamic and fulsome diligence process as well as a productive Investment Committee meeting. WLR maintains investment committees for each of its Funds. Members of each Investment Committee are those senior members of the investment team responsible for formulating and implementing each Fund's investment strategy. Investment Committee members meet to discuss the relative merits and associated risks of proposed and current investments and, ultimately, vote on each investment decision.

**Investment Strategies.** The following is a summary of certain key investment strategies utilized by WLR and their associated material risks. Further details are provided in the relevant Client’s Governing Documents.

*Opportunistic Buyouts:* Investments where WLR seeks a significant or controlling interest in companies at attractive entry valuations. Fundamental to this strategy is the Firm’s ability to source and partner with effective management teams to drive returns. Historically, the Firm has created and/or consolidated platforms in core industries in which WLR has experience. Investments in this strategy typically focus on situations in which WLR can strategically add value through operational improvement, strategic mergers and acquisitions, and optimization of the capital structure in order to unlock a company’s optimum operational and financial capabilities. Target opportunities may include corporate carve-outs, consolidation plays, unnatural owners, and generational transfers.

*Restructurings/Turnarounds:* Transactions where WLR utilizes loan-to-own, highly structured, or direct debt or equity investments to acquire a controlling stake or position of significant influence in challenged or distressed companies. Typically, these companies operate in out-of-favor industries and require significant operational or capital structure reorganization. WLR seeks to identify and invest in situations where significant downside protection provides a floor to the Firm’s returns. As a result, WLR looks to create value both at the macro level through a proprietary view on an industry recovery and at the micro level through strategic engagement and improving business fundamentals. Target opportunities may include operational corrections, distressed for control, bankruptcies, restructurings and turnarounds.

Conflicts could arise in cases where Funds or Client Accounts are invested in different parts of an issuer’s capital structure. For example, one fund could acquire debt obligations of a company while another fund acquires an equity investment. If that issuer encounters financial problems, decisions over the terms of the workout could raise conflicts of interest. In addressing such conflicts, a committee of senior managers will discuss the conflict and take one or more actions such as consulting with limited partners or an advisory board; establish information barriers to separate the conflicting investment professionals; and having independent investment committees.

*Special Situations:* Investment opportunities in this strategy include those that require a “high touch” involvement and a specific skillset expertise from WLR’s investment team. These transactions are often complex, off-market and require a bespoke transaction structure to execute. These investments are typically non-traditional, which limits the universe of potential capital providers and creates natural inefficiencies. WLR believes that the investment team’s skillset is well-attuned for the complex structuring involved in transactions of this type. Target opportunities in this strategy may include rescue financing, liquidity financing, bridge financing and strategic growth financing. WLR seeks to cover the Firm’s downside risk through low creation multiples, significant asset coverage and restrictive covenant documentation that allows for the continuous monitoring of investments.

*Real Assets:* This strategy focuses on transactions in which WLR can create value through both current income and asset value appreciation. WLR typically employs conservative financial leverage and seeks to balance our return through current income provided by long-term contracts and asset value appreciation provided by the upside from exposure to short-term market rate volatility. Target opportunities may include assets in shipping and financial services.

**Risks.** Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While WLR seeks to mitigate risks so that they are appropriate to the return potential for a Client or strategy, it is usually not possible or desirable to fully mitigate risks. Prospective investors should carefully consider the following risks, along with those risk factors described in the applicable Client's Governing Documents. There can be no assurance that investment strategies will be carried out successfully. Investors of Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. WLR may invest in securities and obligations of domestic and foreign companies that are experiencing significant financial or business difficulties. Although such investments may result in significant returns, they also involve a high degree of risks. Any or all investments may be unsuccessful and therefore result in complete loss of committed capital. Client investments may not show a return for a considerable period of time. There is no assurance that WLR will correctly evaluate the value of a company's assets or the prospects for a successful reorganization or similar action.

The risk factors briefly summarized below may not be applicable to all Funds or Clients. This summary does not purport to be a complete list or explanation of the risks involved in an investment in a Fund or Client. The Governing Documents for each Client typically include a more detailed summary of material risks applicable to that Fund's or Client's investment strategy and structure and should be read in conjunction with the risks below. Investments made by the Funds and Clients, including private equity investments, involve a number of material risks including, but not limited to, the following:

*Illiquid and Long-Term Investments.* Most Fund and Client investments are highly illiquid, and there can be no assurance that a Fund or Client will be able to realize these investments in a timely manner. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. Although certain of these investments may generate current income, the return of capital, and the realization of gains, if any, with respect to these investments will occur only upon the partial or complete disposition of the investment. While an investment may be sold at any time, typically this will occur a number of years after the investment is made and there can be no assurance that a Fund or Client will be able to dispose of an investment at the price and time it wishes to do so. Certain private equity investments may be in securities that are or become publicly traded.

*Public Company Holdings.* A Client's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Clients 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 a Client to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals, and increased costs associated with each of the aforementioned risks.

*Valuations.* As most Client investments are highly illiquid, there are no readily ascertainable market prices for such investments. For these investments, the fair value of the investment represents the value, as determined by the Firm in good faith, at which the investment could be sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. When making fair value determinations for private equity investments, the Firm generally follows the procedures set out in its Valuation Policy. Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the fair values of investments reflected in a Client's net asset value, or NAV, do not necessarily reflect the prices that would actually be obtained by the Firm on behalf of such Client when such investments are realized. For example, there may be liabilities such as unknown or uncertain tax exposures with respect to investments, especially those outside the United States, which may not be fully reflected in valuations. Realizations at values significantly lower than the values at which investments have been reflected in prior NAVs would likely result in losses for the applicable Client. The exercise of discretion in valuation by the Firm 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

*Complex Investments.* WLR often pursues complex investment opportunities. This can often take the form of substantial business, regulatory or legal complexity that might deter other investment managers. The Firm's tolerance for complexity presents potential risks, as such transactions can be more difficult, expensive and time consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny, the application of complex tax laws or a greater risk of contingent liabilities. Client transactions involve complex tax structures that are costly to establish, monitor and maintain, and as the Firm pursues a larger number of transactions across multiple assets classes and in multiple jurisdictions, such costs will increase and the risk that a matter is overlooked or inadequately or inconsistently addressed will increase. Consequently, the Firm may fail to achieve the desired benefit or otherwise decrease the returns of investments. Changes in law and regulation and in the enforcement of existing law and regulation, such as antitrust laws and tax laws, also add complexity and risk to the Firm's investment strategies. Further, Clients may acquire an investment that is subject to contingent liabilities, which could be unknown to us at the time of acquisition or, if they are known to us, we may not accurately assess or protect against the risks that they present. Acquired contingent liabilities could thus result in unforeseen losses for Clients. In addition, in connection with the disposition of an investment in a portfolio company, a Client may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a

business. A Client may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by a Client, even after the disposition of an investment. Any of these risks could potentially harm the performance of a Client's account.

*Bankruptcy and Other Proceedings.* WLR invests in securities and other obligations and assets of companies involved in bankruptcy or other reorganization and liquidation proceedings. There are significant risks when investing in companies involved in bankruptcy proceedings. Bankruptcy litigation is adversarial and often beyond the control of the creditors. Generally, the duration of a bankruptcy case can only be roughly estimated. Reorganization of a company involves substantial legal, professional and administrative costs. The bankruptcy process is subject to unpredictable and lengthy delays and during the process the company's competitive position may erode, key management may depart, and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets.

*Credit Risk.* WLR may invest in debt investments that are subject to the risk of nonpayment of scheduled interest or principal, which amounts may not be satisfied out of collateral, if any, or satisfied in a timely manner. The Firm's right to payment or priority over other creditors may be subordinated to those of senior lender(s). The credit worthiness of portfolio companies may deteriorate as a result of a variety of factors that may adversely affect their business and the Firm's investment.

*Debt Securities.* WLR may invest in various types of debt securities. Changes in interest rates generally will cause the value of debt investments to vary inversely to such changes. The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. Commercial lenders and other creditors may be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements.

*Distressed Debt.* WLR invests in securities and other obligations and assets of companies in special situations involving financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such investments involve a substantial degree of risk. There is no assurance that WLR will correctly evaluate the value of the assets collateralizing an investment or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding, WLR may lose its entire investment, be required to accept cash or securities or assets with a value less than their original investment and/or be required to accept payment over an extended period of time.

*Global Market and Economic Risks.* Client investment strategies may be materially affected by global market, economic and political conditions particularly in the jurisdictions and sectors in which WLR invests. Interest rates, credit availability, currency exchange rates,



illiquidity and volatility in the global financial markets could have material adverse effects on WLR investments.

*Inflation Risk.* Client investments may be exposed to inflation risks. Market prices generally fall as inflation increases because the purchasing power of the future income and repaid principal is expected to be worth less when received by WLR.

Investments that pay a fixed interest rate are especially vulnerable to inflation risk as oppose to variable-rate securities that may be able to participate, over the long term, in rising interest rates which have historically corresponded with long-term inflationary trends. Most high yield investments pay a fixed rate of interest and are therefore vulnerable to inflation risk.

*Interest Rate Risk.* Client investments may be exposed to interest rate risks. Changes in prevailing market interest rates could negatively affect the value of such investments. Market interest rates may be affected by inflation, slow or stagnant domestic and global economic growth or recession, unemployment, money supply, governmental monetary and fiscal policies, international disorders and instability in domestic and foreign financial markets. Clients may periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, WLR may not be able to manage this risk effectively and as a result performance could be adversely affected.

*Non-U.S. Investments.* WLR may make non-U.S. investments on behalf of its Clients. Investments in businesses operating and/or organized outside of the United States, including in emerging markets, will involve risks not typically associated with investments in the securities of U.S. companies. For instance, investments in non-U.S. businesses may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, possible significant government approvals, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Client), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Client and/or the Partners with respect to a Client's income, and possible non-U.S. tax return filing requirements for a Client and/or the Partners. Investments made in businesses operating in emerging market countries will involve additional risks because the economies of such countries may be volatile and may be affected by political and social change and instability. The foregoing factors may increase transaction costs and adversely affect the value of a Client's investments.

*Currency Risk.* Client investments and income received from such investments may be denominated in currencies that are not the base currency of the relevant Client account. Changes in currencies may adversely affect the base currency value of portfolio investments, interest, dividends and other revenue streams received by a Client, gains and losses realized on the sale of portfolio investments, and the amount of distributions, if any, to be made to a Client. A Client may also incur costs in converting investment proceeds from one currency to another. Where practicable, we may enter into hedging transactions on behalf of our Clients

designed to reduce such currency risks or may determine not to enter into such hedging transactions. Furthermore, the portfolio companies in which a Client invests may be subject to risks relating to changes in currency values, as described above. If a portfolio company suffers adverse consequences as a result of such changes, a Client may also be adversely affected as a result.

*Hedging.* The Firm, on behalf of a Client, may utilize swaps, forward contracts, and other hedging instruments to preserve a return on a particular Client investment or to seek to protect against risks relating to Client investments, including currency exchange rate or interest rate fluctuations. Such transactions have special risks associated with them, including the possible bankruptcy, or insolvency of, or default by the counterparty to the transaction and the illiquidity of the derivative instrument acquired on behalf of the relevant Client relating thereto. Although a Client may benefit from the use of hedging transactions, changes in currency exchange rates or other factors may result in a poorer overall performance for a Client compared to what a Client's performance would have been if it had not entered into hedging transactions and the costs associated with these arrangements may reduce the returns that a Client would have otherwise achieved if these hedging transactions were not entered into on behalf of a Client. In addition, the Firm may not utilize hedging transactions, which may result in a poorer overall performance for a Client compared to what a Client's performance would have been if the Firm utilized hedging transactions to seek to preserve a return on a particular Client investment or to seek to protect against risks relating to Client investments. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of investments denominated in non-U.S. currencies because the value of those investments is likely to fluctuate as a result of independent factors not related to currency fluctuations. Portfolio companies may also enter into hedging transactions in order to hedge risks applicable to them. Such transactions are subject to similar risks to those described above. A Client may be exposed to such risks by reason of its investment in the relevant portfolio company.

*Loans.* The Firm, on behalf of a Client, may invest in loans and other forms of debt. Loans are generally not considered securities and are generally less liquid or not liquid as compared to securities. Interests in bank loans are governed by the relevant credit agreement and related documentation, under which loan interests may be subject to transfer or assignment restrictions and approvals, which may limit the ability to sell such interests. In some cases, a WLR Client may acquire a loan investment by participation, rather than by direct assignment. Where a Client holds a loan investment as a participant, it may be subject to certain additional risks as a result of having no direct contractual relationship with the underlying borrower and will be dependent on the lender to enforce its rights and obligations and will not have any direct rights against the underlying borrower, any direct rights in the collateral, if any, or any right to deal directly with such borrower.

*Carried Interest; Distributions in Kind.* Carried interest may create an incentive for WLR to make riskier or more speculative investments on behalf of a Client than would be the case in the absence of this arrangement, although WLR's commitment of capital to the Funds and/or Client accounts should somewhat reduce this incentive. If distributions are made of assets

other than cash, the amount of any such distribution will be accounted for at the fair market value of such assets as determined by the Firm in accordance with procedures set forth in the applicable Governing Documents of the Fund and/or Client account.

*Possession of Material Non-Public Information.* To the extent WLR or its affiliates become privy to material non-public information (“MNPI”), it may be restricted in its ability to make an investment in or withdraw on behalf of a Fund or other Client account. Additionally, in certain instances, WLR might become restricted in its ability to make an investment in or withdraw from a particular portfolio fund on behalf of a Fund or other Client account even though it may not be privy to any MNPI; such restrictions could be derived from contractual obligations and/or confidentiality obligations, applicable law and/or internal policies and procedures. In such instances, a Fund or other Client account’s ability to make an investment in or withdraw from a particular portfolio fund may be significantly restricted, which may adversely impact such Fund or other Client account, including by preventing the execution of an otherwise advisable transaction (including, a withdrawal, closing or winding-down of a position). Without limiting the above, it should be noted that from time to time, WLR and its affiliates may be subject to contractual “stand-still” obligations and/or confidentiality obligations that alone or in light of applicable law and/or internal policies and procedures adopted by WLR and its affiliates may restrict the Firm’s ability to make an investment in or withdraw from a particular portfolio fund on behalf of a Fund or Client account.

*Side Letters.* WLR may enter into side letters with specific investors supplementing or altering the terms, rights, or provisions of, the applicable Governing Documents of an applicable Fund, including with respect to economic terms, fee structures, excuse rights, information rights, co-investment rights (including the provision of priority allocation rights to investors admitted to a Fund within a prescribed period following the initial closing thereof or making or holding aggregate commitments of a certain size to one or more Fund) and liquidity or transfer rights. While WLR has no obligation to offer all such additional rights, terms or conditions to any other investor in such Fund, WLR generally makes side letters available to all limited partners of the relevant Fund.

*Subscription Credit Facility.* Certain WLR Funds may obtain one or more subscription lines of credit in order to enable such Funds to make investments, pay management fees or other expenses.

*Cybersecurity Risk.* WLR and its service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to different threats or risks that could adversely affect our Funds and Clients, despite the efforts of WLR and the Funds’ and Clients’ service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology asset, as well as the confidentiality, integrity and availability of information belonging to the Funds and Clients. Cybersecurity attacks include, but are not limited to, electronic and non-electronic attacks to gain unauthorized access to digital systems to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of

assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks). As the use of technology has become more prevalent, we and the accounts we manage have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause us and client accounts (including funds) we manage to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which we invest, counterparties with which we engage in transactions, third-party service providers (e.g., a Client account's custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While we have developed cybersecurity risk management systems and business continuity plans which are designed to reduce the risks associated with these attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since we do not directly control the cybersecurity systems of issuers or third-party service providers.

## **Item 9: Disciplinary Information**

This Item 9 requires an investment adviser to disclose information about any legal or disciplinary event that is material to a client's evaluation of the integrity of the investment adviser or its personnel.

Except as described below, neither WLR nor any of its executive officers, members of its investment committees or other "management persons" as defined in Form ADV has been subject to legal or disciplinary events related to this Item.

On August 24, 2016, without admitting or denying the findings, WLR consented to the entry of an order to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder and agreed to pay a civil monetary penalty of \$2.3 million to the SEC. According to the order, WLR failed to adequately disclose its fee allocation practices to certain private equity funds it advised (the "WLR Funds") and their investors and that ambiguous language in its private equity funds limited partnership agreements resulted in certain WLR Funds paying higher management fees between 2001 and 2011. The order also states that in determining to accept the settlement offer, the SEC considered remedial acts promptly undertaken by WLR and cooperation afforded to the SEC staff, including WLR self-reporting of the transaction fee allocation issue to the SEC staff, WLR's voluntary determination to revise its fee allocation methodology, and WLR's voluntary reimbursement, with interest, of \$11,873,571 in management fee credits resulting from its retroactive application of the revised allocation methodology to the inception of the WLR Funds.

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

This Item 10 requires an investment adviser to disclose any material relationship or arrangement that the investment adviser (or any of its management persons) has with any related financial industry participant, any material conflicts of interest that such relationships or arrangements may create, and how the investment adviser addresses these conflicts.

**Invesco Ltd.** WLR is affiliated with Invesco and the many entities within the Invesco global structure, including broker-dealers registered with the Financial Industry Regulatory Authority (“FINRA”), as well as SEC-registered investment advisers and non-U.S. investment advisers. For a complete list of all related financial industry affiliations, see Section 7.A. of Schedule D to WLR’s Form ADV Part 1.

**WLR, IPC and ISSM.** WLR has an integrated relationship with its affiliated investment advisers, IPC and Invesco Senior Secured Management, Inc. (“ISSM”).

IPE includes the domestic operations of WLR incorporated as part of IPC’s overall platform capabilities. As a result, certain WLR personnel are also officers, employees, or conduct work for, IPC, IPC joint venture partners, or other affiliates. The fact that WLR personnel devote portions of their time and efforts to the activities of IPC may pose a conflict of interest. Further, IPC and WLR personnel are expected to continue to support Invesco Credit Partners (“ICP” or “the Special Situations Credit Strategy”) activity advised by ISSM and/or IPC. WLR senior employees will continue to retain a role on the ICP Investment Committee and conflicts can arise to the extent a WLR/IPC investment strategy would have interest in investing in the same name as the Special Situations Credit Strategy.

This support could also be viewed as creating a conflict of interest in that the time and effort of officers, managers, and employees will not be devoted exclusively to the business of IPC and WLR. In addition, the ability of ICP to leverage the IPE platform to source investments for ICP will be limited by conflicts of interest considerations and the allocation procedures applicable to IPC, WLR and ISSM. Investments in different levels of the capital structure or alongside other clients in the same portfolio company or across advisers may also create conflicts of interest.

IPE and ICP, together with ISSM, are situated on the “private side” of Invesco’s information barrier and they share a single restricted list. The “private side” investment strategies of IPC, WLR and ISSM are sometimes referred to collectively in this brochure as “Invesco Private.” See Item 11 for a discussion of restricted lists and information barriers governing the activities of WLR’s investment strategies.

**Shared Personnel.** Some WLR personnel are also officers, employees, or conduct work for, IPC, or other affiliates. The fact that WLR personnel devote portions of their time and efforts to the activities of affiliates may pose a conflict of interest. Further, as discussed above, WLR senior personnel serve as investment committee members for ICP.

**Asia Joint Ventures.** WLR has entered into several joint venture relationships in Asia.

Some WLR personnel are also officers, employees, or conduct work for, one or more affiliates or joint ventures. The fact that WLR personnel devote portions of their time and efforts to the activities of affiliates may pose a conflict of interest.

**Board Participation.** Employees or officers of WLR may from time to time be members of the boards of directors of publicly-held companies which may result from permitted investments of various strategies offered by the Firm. In these cases, WLR may take steps such as establishing information barriers or placing the security in question on a restricted list, which may limit or preclude the purchase or sale of such securities for Clients and Firm employees.

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

This Item 11 requires an investment adviser to briefly describe its code of ethics and state that a copy is available upon request. An investment adviser is also required to disclose certain conflicts of interest that may arise if an investment adviser has an interest in client transactions or interests along its clients.

**Code of Ethics and Personal Trading.** WLR has adopted a written Code of Ethics (the “Code”), as required under Rule 204A-1 of the Advisers Act, that sets forth standards of ethical conduct for WLR employees and is designed to address and avoid potential conflicts of interest. The Code requires WLR employees to act in a manner consistent with their fiduciary duty to Clients, abide by all applicable rules and regulations, and pre-clear and report personal securities transactions. WLR maintains policies and procedures to avoid insider trading and the appearance of insider trading. Personal trading restrictions apply to all WLR employees as well as certain family members. WLR employees are required to report all brokerage accounts subject to the Code in which they and any immediate family member sharing the same household have a direct or indirect beneficial ownership interest, WLR employees must generally pre-clear covered securities transactions, including IPOs and private placements, and provide copies of periodic account statements, or have them sent directly by their broker, to the compliance department. The compliance department maintains restricted lists, which include securities that Clients have or are considering purchasing.

WLR and affiliates may recommend that Clients buy or sell interests in the same investment products in which it, or its related persons, have financial interest. WLR and its related persons may own, buy, or sell for themselves the same securities that they may have recommended to Clients. WLR’s policies and procedures are intended to identify these and other potential conflict of interests and to ensure that in all instances the Client interests come first.

**Participation or Interest in Client Transactions.** WLR employees and affiliates may make capital contributions to the Funds, Intermediate Vehicles and/or the general partners of the Funds and/or co-investment vehicles. While such investment should generally align the interests of WLR and such persons with the interests of the Clients, situations could arise in which WLR or such persons have interests which conflict with the interests of the Clients notwithstanding such commitment

*Principal Transactions.* In accordance with the anti-fraud provisions of the Advisers Act and with the Firm’s compliance policies and procedures, WLR will not, as principal, sell a security to, or buy a security from, any Client, without providing appropriate disclosure and obtaining the informed consent of such Client prior to the settlement of such transaction. Principal transactions may occur, for example, where the Firm warehouses an investment, in whole or in part, in one of its proprietary entities for the benefit of one or more Clients or seeds the initial portfolio of a Client by making the initial commitment and capital contributions to that Client pending the admission of third party investors to such Client account and the acquisition by the Client of the warehoused investment from the proprietary entity or the participation by



such third party investors in such seeded initial portfolio of investments, as applicable. In these cases, a Client may, for example, require that (i) the transaction price be determined to be fair by an independent valuation expert (the cost of which would be borne by the applicable Client) or be calculated in accordance with a formula provided for in the Governing Documents of that Client and (ii) the consent of the respective Client's advisory board or limited partners be obtained prior to the completion of the relevant transaction or in connection with the limited partners' subscriptions to that Client's account. Additionally, prior to the receipt by a Client of capital contributions from its investors for which a capital call notice has been given, a WLR general partner entity may fund such amounts on a temporary basis in order to permit that Client to make an investment. Such amounts will be reimbursed to that general partner at cost as and when such capital contributions are made by the investors in that Client account. WLR does not consider such temporary arrangements to be principal transactions.

*Agency Cross Transactions.* Agency cross transactions are transactions in which the Firm arranges for a Client to buy a security from, or sell a security to, another Client. In addition, the Firm may cause different Clients to invest at different times in a single portfolio company, for example where a Client that made an initial investment in a portfolio company does not, when an opportunity to make a follow-on investment in the company subsequently arises, have sufficient capital for such investment. From time to time, WLR may determine that a cross transaction or follow-on investment between Clients is in the best interest of the relevant Clients. Accordingly, WLR has adopted compliance policies and procedures designed to properly manage such potential conflict of interests. In addition, the Governing Documents of each such Client may impose certain restrictions on the ability of the Firm to effect these transactions. These may include a requirement for the transaction price to be determined by independent valuation sources, approved by an independent valuation expert, determined to be fair to Clients by an independent third party or otherwise calculated in accordance with such Governing Documents.

Other than the examples of principal and cross transactions noted above, it is WLR's policy to generally avoid principal and cross transactions. Where such transactions are not desirable to avoid, such transactions can only be consummated if they are approved by the relevant Clients and/or their advisory board to the extent required by the applicable Clients' Governing Documents and/or applicable law.

*Allocation of Fees and Expenses.* Fee and expense allocations will be made in good faith in accordance with the Firm's Fees and Expenses Processing and Allocation Policy and the applicable Clients' Governing Documents considering all factors deemed relevant. Any expenses shared by more than one Client in connection with evaluating and making consummated portfolio investments of such Clients or broken deals are generally allocated pro rata based on each Client's invested capital (or, in the case of broken deals, the amount that would have been invested by each Client), as determined by WLR in good faith and in accordance with each Client's Governing Documents.

*Allocation of Investment Opportunities.* In accordance with its fiduciary duty, WLR seeks to allocate investment opportunities to its Clients on a fair and equitable basis in accordance with

the Firm's Allocation of Investment Opportunities Policy, ICP's Allocation of Investment Opportunities Policy, and all relevant guidelines and restrictions as outlined in the applicable Clients' Governing Documents. If a particular investment opportunity falls within the investment objective of more than one Client, WLR will allocate such opportunity (including, any related co-investment opportunities) among such entities on a basis that the Firm reasonably determines in good faith to be fair and reasonable taking into account a number of considerations, including the sourcing of the transaction, the nature of the investment focus of each Client, the relative amounts of capital available for investment, any diversification limitations and restrictions, portfolio diversification, target rates of return, expected hold periods, the possibility that other Client will invest in the same issuer or enter into a buy/sell transaction with such issuer and other considerations deemed relevant by WLR. To the extent that any co-investment vehicle is offered an opportunity to invest in a portfolio company, because the Firm is not necessarily required to offset fees for such co-investments, it may incentivize the Firm to allocate a greater portion of the investment to the co-investment vehicle than it would otherwise make in the absence of such an arrangement.

In addition, the ability of WLR to invest will be impacted by conflicts of interest considerations and the allocation procedures applicable to IPC, WLR and ISSM.

**Outside Business Activities.** WLR employees may engage in outside business activities unrelated to their role at WLR, including serving as directors, officers, or employees of unaffiliated public, private or government entities, whether for profit or non-profit, which can give rise to certain conflicts of interests. The Code of Ethics requires outside business activities to be pre-cleared and Compliance reviews certain employee certifications to identify such conflicts of interest. Additionally, WLR has adopted a Material Nonpublic Information and Restricted List Policy for the handling of confidential information to prevent the misuse of such information and to avoid situations that may create an appearance of misuse with applicable laws and regulations.

**Restricted List; Information Barriers.** To address instances where WLR may be in possession of material non-public information ("MNPI"), WLR has adopted certain policies and procedures. These procedures include the establishment of a restricted list, where securities are placed on the restricted list upon receipt of MNPI by Invesco Private personnel. One restricted list is maintained between WLR, IPC and ISSM for Invesco Private activities. Therefore, the receipt of MNPI by WLR will also restrict Invesco Private activity of IPC and ISSM, and vice-versa, and may adversely impact each adviser's investments.

Information barrier procedures have been established between Invesco Private, on the one hand, and the rest of Invesco, on the other. These procedures restrict communications and access to information between personnel on opposite sides of the information barrier. Certain personnel of Invesco affiliates may share a physical space with WLR, IPC, or ISSM but additional procedures are in place to seek to ensure that material non-public information is not shared across the information barrier. While IPE personnel have reporting lines to senior personnel who also manage public side investment teams, there are additional procedures in

place to seek to ensure that material non-public information is not shared across the information barrier.

WLR will provide a copy of its Code of Ethics to any client or prospective client upon request.

## Item 12: Brokerage Practices

This Item 12 requires an investment adviser to describe its brokerage selection, soft dollar, directed brokerage and trade aggregation policies.

**Broker Selection and Best Execution.** To the extent required by applicable law, it is the Firm's policy to seek best execution of trades (if any) in public equity and debt securities and other marketable securities traded on behalf of the Clients by a selected broker-dealer. In seeking best execution, goals include timely, fair and cost-effective executions, fairness to Clients, both in priority of order execution and in the allocation of the price obtained in execution of trades, and compliance with Client trading-related mandates and investment restrictions. When appropriate under the Firm's discretionary authority and consistent with the Firm's duty to seek best execution, WLR may execute through broker-dealers who provide brokerage and unsolicited research services. In executing fixed income trades, such factors as price, size of order, and difficulty of execution are also taken into account. Transactions are not always executed at the lowest available commission, and the Firm may effect transactions which cause the Clients to pay more than another broker-dealer would have charged if WLR determines that the additional cost is reasonable in relation to the value of the services provided to the Firm and its Clients.

**Trading and Brokerage.** WLR prohibits the directing of commissions generated from Clients' brokerage transactions to pay for Client referrals, and the making of any recommendation that "credit" be given to particular individual brokers within a brokerage firm. The Firm generally conducts trading with those broker-dealers that have been vetted through and approved by Invesco. In selecting brokers or dealers, WLR considers various factors, including, without limitation: the reputation, experience and financial stability of the broker-dealer; the ability to maintain WLR's anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Clients have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any proprietary research and investment ideas.

**Trade Errors.** WLR has adopted a Trade Error Policy that establishes guidelines to ensure trade errors are detected, communicated and corrected appropriately. WLR will reimburse a Client's account for any loss due to a trade-related error. In the event that the error results in a gain, a Client generally will retain the proceeds.

**Soft Dollars.** WLR does not currently have any third-party soft dollar arrangements. WLR's affiliates that place orders with brokers for the execution of public securities on behalf of WLR's Clients may occasionally receive brokerage and research services from various firms,

including third parties that provide research or other services in return for directing WLR Client account's brokerage business to them.

These services include quantitative and qualitative research information and recommendations for investments, as well as analyses and reports covering a broad range of economic factors, markets and trends. WLR believes this practice is in the long term best interest of its Clients; however, because the Invesco affiliated trading desk does place some transactions with brokers in recognition of the usefulness of their research or other products or services provided, Clients may pay commission rates that are higher than rates charged by another broker-dealer, if no research was provided. On an ongoing basis, WLR's affiliates monitor and evaluate the performance and execution capabilities of the firms that provide research and brokerage services and also the levels of commission costs in comparison to those commissions paid by other institutional investment managers.

Research services received from brokers and dealers are generally supplemental to WLR's own research efforts. To the best of WLR's knowledge, these services are generally made available to institutional investors doing business with such broker-dealers. WLR does not separately compensate such broker-dealers for the research and such services.

**Directed Brokerage.** WLR generally does not recommend, request or require that a Client direct WLR to execute transactions through a specific broker-dealer.

**Order Aggregation.** The same investment decision may be made for more than one Client account managed by WLR or an affiliate when transacting in public securities through WLR's affiliated trading desk. In these circumstances, should purchase and sell orders of the same class of security be in effect at the same time, the orders may be combined to seek best execution. Orders partially filled will be allocated pro-rata in proportion to each account's original order or account, although exceptions may be made to avoid odd lots and de minimis allocations. Execution prices for a combined order will be averaged so that each participating account receives the average price paid or received. Where aggregation is not possible, the inability to aggregate the trade could result in an increase in client transaction costs.

### **Item 13: Review of Accounts**

This Item 13 requires an investment adviser to disclose how often the investment adviser reviews client accounts and who conducts the review.

**Oversight and Monitoring.** WLR Client accounts are divided among investment professionals according to the investment strategy of the portfolio. Portfolios are typically monitored and reviewed by the investment personnel who handle the strategy on an ongoing basis and the applicable Investment Committees. Details of the monitoring vary based on the nature of the investment strategy. Additionally, the Firm reviews each proposed investment to seek to ensure compliance with the applicable Client's Governing Documents and side letters, if any. Client investments are generally private, illiquid and long-term; accordingly, WLR's review of them is not directed toward a short-term decision but rather an ongoing review of the portfolio of each Client to monitor performance and gauge the market for an optimal exit strategy.

**Client Reporting.** WLR distributes written Client account statements and financial reports monthly, quarterly or annually as required by each Client's Governing Documents. WLR also furnishes Fund investors with annual audited financial statements or requested financial information upon request, relevant tax forms, and detailed capital call and distribution statements. WLR also provides Clients with periodic conference calls and holds investor meetings.

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

This Item 14 requires an investment adviser to describe any arrangement under which it (or a related person) compensates another for client referrals and other compensation it receives.

**Other Compensation.** It is WLR's policy that if a portfolio manager, employee or a related person serves as a director on a board of directors (or in a similar capacity) of a portfolio company in which WLR has invested on behalf of a Client account, compensation is either refused or credited to WLR. WLR will then use such fees to offset a portion of the management fees charged to the relevant Client accounts as described in the relevant Governing Documents. Additionally, portfolio companies may reimburse certain expenses such as board travel, litigation or research expenses.

## **Item 15: Custody**

This Item 15 requires an investment adviser with custody of client funds or securities to explain to clients that they will receive account statements directly from a qualified custodian or that the investment adviser is relying on the annual audit exception to delivery of account statements under Rule 206(4)-2 and will distribute such audited financial statements to all limited partners annually within 120 days of the end of its fiscal year (or 180 days for fund of funds).

Because WLR serves as general partner of certain Funds, WLR is deemed to have “custody” over the Funds within the meaning of Rule 206(4)-2 under the Advisers Act. Generally, Clients’ cash and securities are held by Qualified Custodians such as banks and/or broker-dealers. Audited financial statements are distributed to Fund investors within 120 days from the end of each Funds’ fiscal year. In the event an investor has not received its audited financial statements timely, please contact the Firm at 212.826.1100 or at the address appearing on the cover page of this brochure. Clients for which WLR does not rely on the audit exception receive statements directly from the Client’s qualified custodian at least quarterly and such Clients’ accounts will be subject to a surprise examination at least annually by an independent public accountant registered with and subject to inspection by the PCAOB. Further, in such cases, Clients will be notified of the establishment of such bank accounts and any changes thereto. All investors should carefully review these financial statements.



### **Item 16: Investment Discretion**

This Item 16 requires an investment adviser with discretionary authority over client accounts to disclose such authority and any limitations clients may place on an investment adviser's authority.

WLR has discretionary authority for most Clients for which it is the investment adviser. Investment decisions and advice, with respect to Clients' accounts are subject to a Clients' investment objectives and guidelines, as established by the Clients and set forth in the applicable Clients' Governing Documents. For WLR to assume such discretionary authority, each investor must complete the appropriate subscription documents or an investment advisory agreement granting such authority.

### **Item 17: Voting Client Securities**

This Item 17 requires an investment adviser to disclose its proxy voting practices, including whether a client may direct the investment adviser to vote in a particular solicitation, how the investment adviser addresses potential conflicts of interest and how clients can obtain information from the investment adviser about how the investment adviser voted securities and that clients may obtain a copy of the investment advisers proxy voting policies and procedures upon request.

WLR has adopted and implemented written proxy voting policies and procedures pursuant to Rule 206(4)-6. In general, Clients are primarily invested in privately-held portfolio companies which typically do not issue proxies. However, upon occasion, WLR will receive proxies in connection with its publicly traded portfolio companies, in which case it is WLR's policy to exercise the proxy vote in the best interest of the Clients, taking into consideration all relevant factors, including acting in a manner that WLR believes will maximize the economic benefits to the Clients and promote sound corporate governance by the issuer. WLR retains ultimate voting discretion with respect to voting proxies. Funds are not able to direct the vote of their general partner.

WLR's proxy voting policy is designed to ensure that if a material conflict of interest arises, that the vote is not improperly influenced by the conflict. WLR representatives that serve on the board of directors of a portfolio company on behalf of Clients will typically, but not always, vote in favor of board recommendations. In situations where WLR is required to vote the proxy for a company in which employees of WLR serve on the board of directors, WLR has determined that this does not inherently present a conflict of interest, as the sole purpose of this representation is to maximize the return on the Clients' investment in such portfolio company. In all cases where there is deemed to be a material conflict of interest, WLR will seek the advice of Compliance and Legal to resolve the conflict in a Clients' best interests. WLR, in its sole discretion, may elect not to vote a proxy.

Clients may obtain a copy of WLR's proxy voting policies and procedures and information on how WLR voted proxies on behalf of such Client upon request.

### **Item 18: Financial Information**

This Item 18 requires an investment adviser to disclose certain financial information about itself that is material to clients if it requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, has discretionary authority or custody of client funds or securities, or the investment adviser has been the subject of a bankruptcy petition at any time during the past ten years.

Item 18 is not applicable, as WLR does not require prepayment of fees six months or more in advance, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding at any time during the past ten years.

### **Item 19: Requirements for State-Registered Advisers**

This Item 19 requires certain responses from investment advisers registered with state securities authorities.

Item 19 is not applicable, as WLR is not a state-registered adviser. WLR is federally registered with the SEC.