

United States Securities and Exchange Commission Form ADV Part 2A - Firm Brochure		
Flexstone Partners, LLC 745 Fifth Avenue 28 th Floor, New York, New York 10151 212-703-0300		
SEC Number- 801- 69478	CRD Number: 147353	Brochure Date: March 12, 2019

Item 1 - Cover Page

This brochure provides information about the qualifications and business practices of Flexstone Partners, LLC, formerly known as Caspian Private Equity, LLC ("FP"). If you have any questions about the contents of this brochure, please contact us at 212-703-0300 or send us an email at contact@flexstonepartners.com. 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. FP is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. This brochure is not to be construed as an offer to sell or the solicitation of an offer to buy any securities or any product of the types described herein. The provision of this material does not constitute investment advice or a recommendation of any security or an offer of services. Additional information about FP is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 – Material Changes

FP will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of FP's fiscal year. FP will provide other ongoing disclosure information about material changes as necessary. Also, FP will provide a new brochure as necessary based on changes or new information, at any time, without charge.

Since the last annual update of our brochure, dated March 30, 2018, we have amended Item 4 to reflect changes to the ownership (and name) of FP and have amended Item 10 to disclose certain services provided by FP affiliates.

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Item 4 – Advisory Business

Overview:

Formation: Flexstone Partners, LLC (“FP”), formerly known as Caspian Private Equity, LLP (“CPE”) was formed as a limited liability company on March 7, 2008 in the State of Delaware, as a result of being spun-off from Caspian Capital Management, LLC (“CCM”). On January 1, 2019, CPE was combined with several affiliated private equity investment advisory firms to form the Flexstone Companies (“FC”). The U.S. Securities and Exchange Commission (the “SEC”) granted FP’s application for registration as an investment adviser on July 28, 2008.

Principal Owners: FP is a subsidiary of Flexstone Partners SAS (“FP SAS”). The owner of FP SAS, Natixis Investment Managers, LP (“NATIXIS IM LP”) is part of an international asset management group based in Paris that, in turn, is principally owned by Natixis, a French investment banking and financial services firm. Natixis is principally owned by BPCE, France’s second largest banking group. The group includes two autonomous and complementary retail banking networks consisting of the Caisse d’Epargne regional savings banks and the Banque Populaire regional cooperative banks. Natixis and BPCE each own, directly or indirectly, other investment advisers established in various jurisdictions. FP, FP SAS, Flexstone Partners Sarl (“SARL”) and Flexstone Partners Singapore (“FSG”)¹ together constitute FC, a cohesive global team designed to support the distinct needs of its clients worldwide. FP SAS is regulated primarily by the Autorites des Marches Financiers (“AMF”), France; SARL is regulated primarily by Financial Market Supervisory Authority (“FINMA”), Switzerland and FP is regulated primarily by the U.S. Securities and Exchange Commission.

Services Provided: FP focuses on US private equity and real estate. It advises funds that offer investment opportunities to accredited investors via funds of funds or other pooled investment vehicles.

Descriptions of Strategies Provided:

Discretionary Investment Management Services:

FP provides discretionary investment management services to a funds of private equity funds of which one invests in private equity funds and two invest, directly or indirectly, in operating or other companies (collectively, the “FP Funds”).

Non-Discretionary Investment Management Services: FP provides non-discretionary investment management services to two groups of funds of funds. One group invests in private equity and real estate and the second invests exclusively in real estate (referred to collectively as the “CNP Funds” together, with the funds under which FP exercises full discretion, the “Funds”). Courtland Partners, Ltd., a US based SEC registered investment adviser, has been engaged as a sub-adviser, to provide real estate advisory services in respect of the funds that exclusively invest in real estate.

Non-Discretionary Investment Sub-Advisory Services: FP serves as a sub-adviser to FP SAS. The client in respect of this sub-advisory agreement is a private equity fund of funds (the “Vehicle”) which has been established for investment by European insurance companies affiliated with Natixis.

The services FP provides may be tailored to meet the needs of each respective client and any investment guidelines or restrictions agreed to between FP and its clients are set forth in, as applicable, the private placement memoranda, limited partnership agreements and/or side letters and operating agreements.

Wrap Fee Programs: None

The amount of client assets managed by FP on a discretionary basis and the amount of client assets managed on a non-discretionary basis, rounded to the nearest \$100,000, as of December 31, 2018: discretionary: \$630,300,000; Non-Discretionary: \$2,800,000,000.

¹ FSG to become a part of the group on April 1, 2019

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Item 5 – Fees and Compensation

FP generally charges a management fee quarterly in advance for each of the Funds, which is calculated based on committed assets or invested assets, as applicable. Management fees range from 0.75% to 1.50% per annum for the FP Funds, are 0.25% per annum for each of the NCPE Funds. FP charges Flexstone Sàrl an annual fee, calculated and paid quarterly in arrears, based on the most recently completed quarter end's NAV, equal to 100% of the compensation Euro-PE received in respect of the assets sub-advised by FP (approximately 0.6% of the NAV of such assets with respect to which FP would be providing services). FP may agree at any time or from time to time to reduce or waive advisory fees or establish a different advisory fee rate or calculation with respect to any series or one or more investors of any Fund. See Item 6 "Performance-Based Fees" below regarding "Carried Interest" applicable to certain FP Funds. The Funds may also pay other types of fees and bear additional expenses in connection with FP's services as described below.

Fund Expenses: All expenses attributable to the organization of the Funds and the sale of interests to the LPs of each Fund (the "Organizational Expenses") will be borne by the Funds (subject to certain caps as provided in the applicable partnership agreement, offering memoranda or other organization documents of each Fund (collectively, the "Fund Documents"). The GP and/or FP may incur and pay all reasonable expenses on behalf of the Funds in connection with the Funds' business which it deems necessary or desirable, and may charge or be reimbursed by the Funds therefor, including, without limitation, due diligence expenses related to potential investment opportunities, accounting, reporting, tax preparation, audit, record keeping and legal expenses, commissions, brokerage fees and similar charges incurred in connection with the purchase and sale of portfolio investments of the Funds (whether or not such purchase or sale is consummated), finder's fees, custodial fees, fees of the administrator and other normal fees and expenses associated with the operation of the Funds (collectively, the "Operating Expenses"). In all cases, each Fund will bear its own Operating Expenses and the Funds will bear any extraordinary, non-recurring and other expenses of the Funds, including without limitation costs of litigation and indemnification and taxes. Expenses and liabilities incurred in connection with an investment opportunity or potential investment opportunity, including without limitation due diligence and indemnity expenses or expenses related to hedging arrangements, will be allocated among the Funds pro rata according to the amount invested by each in such investment opportunity or, in the case of an unconsummated portfolio investment, pro rata according to the amount that would have been allocated to each Fund that would have participated in such opportunity, as determined by the GP in its sole discretion. In all cases, the GP shall have the power to approve variations in the allocation with respect to the Funds if it determines that the allocation would not produce an appropriate result.

Brokerage and Other Transaction Costs: Additionally, the Funds will bear the costs of brokerage commissions, transaction fees, and other related costs and expenses (including, director's fees, consulting fees, commitment fees, break-up fees, and other similar expenses) which shall be incurred by a Fund, provided that certain director's fees, consulting fees, commitment fees and break-up fees, and other similar expenses may be offset against management fees charged as negotiated and set forth in the applicable Fund Documents. In respect to certain funds, 100% of directors' fees, consulting fees and portfolio investment advisory board or investment committee member fees (in each case net of expenses) received by members, managers, partners and employees of a Fund's general partner and its affiliates (in their capacity as such) and commitment fees and break-up fees payable in respect to a Fund's investments, will reduce the Management Fee. The Funds may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers of any underlying pooled investment vehicles in which the Funds may invest, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Liquid assets, including capital committed to portfolio funds but not yet called, may be invested in money market funds. If a Fund utilizes money market funds as sweep vehicles, investors in such Fund will indirectly pay a fee in addition to the fees such investors pay to FP, except as may be set forth in individual Fund Documentation. Such charges, fees and commissions are in addition to FP's fees. Additionally, in connection with certain Funds' investments in other pooled investment vehicles, the Funds may pay management fees and carried interest in respect of those investments. There is often no limitation on the ability of underlying funds of funds managed by FP to invest in funds affiliated with FP or its affiliates. FP or its affiliates may receive fees, including asset based or performance based fees or allocations, related to its management of funds or companies managed or sponsored by FP or its affiliates. Except as otherwise provided in a Fund's Fund Documents, FP generally will offset the fees or allocations received for their management of the funds managed or sponsored by FP, against the management fees and carried interest it receives from the Funds.

Whether FP or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds: No

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Item 6 – Performance-Based Fees and Side-By-Side Management

With respect to the FP Funds and certain of the NCPE Funds, a portion of the profits of each such Fund is allocated to the capital account of its general partner, as “carried interest” (the “Carried Interest”), at a rate ranging from 10% to 15%, as applicable. FP will structure any Carried Interest arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of Carried Interest, FP's funds typically only charge performance-based allocations based on realized distributable amounts. Performance based fee/allocation arrangements may create an incentive for FP to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. FP has procedures in place, designed to ensure that all clients are treated fairly and equally and, to prevent this conflict from influencing the allocation of investment opportunities among clients. See Item 11 (below): Code of Ethics, Participation or Interest in Client Transactions and Personal Trading. In addition, certain Fund Documents provide for limitations on the creation of new funds and the allocation of investments. As stated above, fees may be reduced or waived in FP's sole discretion, and are typically waived in full for employees of FP and certain related vehicles.

Item 7 – Types of Clients

FP's clients are generally Delaware limited partnerships, a Cayman feeder fund of a master fund managed by FP and a French investment vehicle. FP has also established and may establish feeder funds to accommodate foreign investors, including, in some cases, those who wish to subscribe using Euros. None of the offering of interests in the Funds are registered under the Securities Act of 1933, as amended (the “Securities Act”), and none of the Funds are registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to exemptions from registration provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Funds generally offer interests on a private placement basis, to investors that are “accredited investors” and “qualified purchasers”, as applicable. Accordingly, a prerequisite for investment, in addition to compliance with other requirements, is that each prospective investor represents and warrants as to its status as an “accredited investor” and a “qualified purchaser,” as applicable. FP may decline to accept applications for subscription for any of its Funds for any reason, including from any person that is a senior foreign political figure, or an immediate family member or close associate of a senior foreign political figure. FP will not accept accounts from any prospective investor or client that appears on a list of known or suspected terrorists or terrorist organizations compiled by any U.S. or foreign governmental agency.

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

Methods of Analysis:

- I. Procedures for investment decisions, including due diligence, are completed prior to investment (described in relevant Fund Documents).
- II. Initial due diligence considerations may include:
 - A. Identification of prospective investments (for non-discretionary clients);
 - B. Assessment of an underlying fund manager's personnel, operations, controls, policies and procedures;
 - C. Detailed financial and business diligence of a target company/fund;
 - D. Reviewing diligence from third party service providers;
 - E. Background checks;
 - F. Reference calls with industry experts;
 - G. Face to face meetings; and
 - H. Evaluation of third party providers and underlying fund/company auditors.
- III. Ongoing valuation and monitoring considerations may include:
 - A. Review of audited financial statements and interim financial information of underlying funds/companies;
 - B. Professional guidelines - valuation methodologies; and
 - C. Procedures followed to value underlying fund of funds investments and to value direct investments.

Investment Strategies: In respect of its management of the discretionary Funds, FP generally focuses on making investments in US private equity fund of funds, in equity and real estate, or making minority investments, directly or indirectly through syndicates, in operating companies. In achieving their investment objectives, the Funds may invest in buyouts, special situation or distressed opportunities and may make growth or secondary investments.

Risks: There can be no assurance that a Fund will achieve its investment objective. Investing in any security involves risk of loss that investors should be prepared to bear. These material risks include, but are not limited to, those summarized below, which summaries are qualified in their entirety by the Fund Documents of the applicable Fund.

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- I. Sponsor Commitment. Certain affiliates of FP (the “Sponsors”) have made seed investor commitments to certain of the Funds and have been admitted as LPs. When additional LPs are admitted at the initial closing or subsequent closings, the Sponsors may redeem or cancel a portion of the seed investor commitment in certain circumstances. In the event that the seed investor commitment to a Fund is redeemed or cancelled, amounts paid to the applicable fund by additional LPs shall first be paid to the Sponsor to redeem or cancel the relevant portion of the seed investor commitment and interest due thereon, prior to returning any amounts otherwise due to existing LPs as described in the applicable governing agreements.
- II. Partial or Total Loss of the Funds’ Capital. The Funds are intended for long-term investors who can accept the risks associated with investing in illiquid securities. There is no assurance that any Fund will achieve its investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that such Fund will be able to fully invest its committed capital. The possibility of partial or total loss of capital of a Fund exists, and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.
- III. Illiquidity of the Funds’ Investments. The Funds’ investments generally will be long-term and highly illiquid. Their ability to transfer interests in underlying funds or portfolio companies will be restricted under applicable securities laws and by the terms of the instruments governing both the underlying funds and the portfolio companies in which the Funds invest. As a result, the Funds will not have control over when they will have assets to distribute.
- IV. LPs Bear the Cost of All Fees, Expenses and Carried Interest of Underlying Funds. LPs in each Fund will bear, directly or indirectly, any management fees, carried interest charges and expenses attributable to that Fund or any direct investments of that Fund. Additionally, LPs in certain Funds will bear, directly or indirectly, the management fees, carried interest charges and expenses of any underlying funds.
- V. LPs in the Feeder Funds Bear the Cost of All Master Fund Expenses. LPs in feeder funds will, in addition to the expenses of the feeder funds in which they invest, bear indirectly the expenses of the respective master funds into which the feeder funds invest.
- VI. Expedited Transactions. FP may frequently need to undertake investment analyses and decisions on an expedited basis to take advantage of investment opportunities. In such cases, the information available to FP at the time an investment decision is made may be limited and FP may not have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that FP will have knowledge of all circumstances that may adversely affect an investment.
- VII. Forfeiture Due to Failure to Meet a Fund Capital Call and Failure by Other Investors to Meet Capital Calls of Underlying Funds. A failure by an LP to meet a capital call could result in the failure of the applicable Fund to meet a capital call of an underlying fund, which could have adverse consequences for that Fund (including without limitation the possibility of forfeiture of the applicable Fund’s entire interest in such underlying fund) and thus for that Fund’s other LPs. There are also risks associated with the failure of LPs of underlying funds to make capital calls when the Funds are investors in underlying funds. A master fund may be one of many investors in underlying funds. Failure by one or more other investors to meet a capital call of an underlying fund could have adverse consequences for the Funds.
- VIII. Use of Leverage by Portfolio Companies and Funds. Each Fund, the portfolio companies and the underlying funds in which it invests, as applicable, may incur leverage. Leverage used by portfolio companies may have important adverse consequences to such companies and, in turn, to the Funds as investors. There are also risks associated with the use of leverage by the Funds themselves. To the extent permitted by applicable law, the GP may assign and/or pledge assets of a Fund, including unfunded capital commitments of a Fund’s LPs, in order to secure borrowings or other leverage. Failure by any Fund to meet its obligations could have adverse effects, including, but not limited to, the acceleration of repayment obligations. In addition, a Fund may make commitments to underlying funds in excess of its total capital commitments. As a result, in certain circumstances, a Fund may need to retain distributions from portfolio investments, recall distributions or liquidate some or all of its investments prematurely at potentially significant discounts to market value if it does not generate sufficient cash flow from its investments to meet these commitments. Each of the Funds limits borrowing as further described in each Fund’s respective documents.
- IX. Exposure to Liabilities Due to Indirect Controlling Interests in Portfolio Companies. The Funds and their underlying funds, if applicable (alone or together with other investors) may be deemed to have a control position with respect to portfolio companies in which they invest, which could expose them to liabilities not normally associated with minority equity investments, such as risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability. Additionally, liabilities incurred in connection with the disposition of interests in portfolio companies or underlying funds may cause a Fund to recall LP distributions made.
- X. Third-Party Involvement. Each of the Funds typically will make investments by co-investing with third-party investors through partnerships, joint ventures or other entities (collectively, “joint ventures”). Joint venture investments involve

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various risks, including the risk that a Fund will not be able to implement investment decisions or exit strategies because of limitations on such Fund's control under applicable agreements with joint venture partners, the risk that a joint venture partner may become bankrupt or may at any time have economic or business interests or goals that are inconsistent with those of the Fund, the risk that a joint venture partner may be in a position to take action contrary to the Fund's objectives, the risk of liability based upon the actions of a joint venture partner and the risk of disputes or litigation with such partner and the inability to enforce fully all rights (or the incurring of an additional risk in connection with enforcement of rights) one partner may have against the other, including in connection with foreclosure on partner loans because of risks arising under state law. In addition, a Fund may in certain circumstances be liable for actions of its joint venture partners.

- XI. FP Funds' Performance is Dependent on Unrelated Portfolio Managers and Portfolio Companies. With respect to certain of the Funds, the underlying funds will be managed by portfolio managers unrelated to FP and may make direct investments sourced by these unrelated portfolio managers. FP expects to rely upon the expertise of such portfolio managers who oversee the underlying funds in connection with their evaluation of proposed investments, and no assurance can be given as to the accuracy or completeness of the information provided by such portfolio managers. Furthermore, the historical performance of portfolio managers is not indicative of their future performance, which can vary considerably. Moreover, while representatives of FP may serve on the advisory boards of certain underlying funds, the Funds generally will not have the opportunity to evaluate the specific investments made by any underlying fund and will not have an active role in the day-to-day management of the underlying funds. As a result, the returns of these Funds will depend largely on the performance of these unrelated portfolio managers and could be substantially adversely affected by the unfavorable performance of these portfolio managers. The performance of an underlying fund may also depend on the services of a limited number of key individuals, the loss of whom could significantly adversely affect the underlying fund's performance. Similarly, although these Funds may seek management rights in portfolio companies in which such Funds invest directly, the Funds will not control these portfolio companies and generally will not have the opportunity to evaluate the specific investments made by any portfolio company. The FP Funds' ability to independently verify information provided by underlying funds and portfolio companies may be limited.
- XII. Investments in Affiliated Portfolio Investments. Although the Funds generally do not invest directly in underlying funds or make direct investments with general partners or sponsors affiliated with FP without the consent of the applicable Fund's advisory board, in instances where a Fund would invest directly or indirectly in funds or companies managed by or affiliated with FP or its affiliates, FP or its affiliates may receive fees, including asset based or performance based fees or allocations, from those funds or companies in addition to the management fees and carried interest it receives from the Funds, if consistent with the Fund Documents of the applicable FP Fund.
- XIII. Volatile Political, Market and Economic Conditions. Investments in many industries have experienced significant volatility over the last several years, resulting in part in a tightening of the credit markets that could severely hamper the ability of companies to obtain financing. The market for the securities of any portfolio company may not be sufficiently liquid to enable a Fund or an underlying fund to sell these securities when they believe it is most advantageous to do so, or without adversely affecting the stock price, potentially closing off one kind of exit strategy. Continued volatility in the financial sector may materially adversely affect the ability of the Funds or their underlying funds to purchase, sell or partially dispose of their investments. In addition, continued volatility in political, market or economic conditions, including an outbreak or escalation of major hostilities, declarations of war, terrorist actions or other substantial national or international calamities or emergencies, could have a material adverse effect upon certain of the Funds, underlying funds and their portfolio companies, as well as minority/co-investments made by the Funds.
- XIV. Competitive Investment Environment, Difficulty in Identifying Attractive Investment Opportunities and Negotiating Investment Terms. The market for investments in private equity is highly competitive, and successfully sourcing portfolio investments can be problematic given the high level of investor demand some investment opportunities receive. Identifying attractive investment opportunities and the right portfolio managers of underlying funds is difficult and involves a high degree of uncertainty. There is no assurance that any Funds will be able to fully invest its committed capital or that suitable investment opportunities will be identified, and the performance of a master fund may be adversely affected if it is unable to identify an appropriate volume of investment opportunities. This difficulty in identifying and gaining access to attractive investment opportunities also applies to the portfolio managers of the underlying funds, who may be unable to invest fully all of the capital committed to them by a master fund. The Funds, the underlying funds and the portfolio companies may incur significant expenses investigating potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors.
- XV. Limited Operating History and Competition Associated with Portfolio Companies. Investing in portfolio companies will involve a high degree of business and financial risk. These companies may be in an early stage of development; may not

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have a proven operating history; may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; may rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company's performance; or may otherwise have a weak financial condition. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified managerial and technical personnel.

- XVI. Limited Diversification of Investments. Although the Funds or any master funds generally will seek to diversify its investments as described herein, it may not be able to do so and may make a limited number of portfolio investments. Further, its underlying funds may invest in a limited number of portfolio companies. Certain Funds or master funds may also make direct investments in portfolio companies. In addition, the portfolio managers of the underlying funds may have similar investment objectives and may compete for and make overlapping investments in the same portfolio companies, including, without limitation, through leveraged buyouts structured as "club" deals, resulting in the LPs having increased exposure with respect to the same portfolio companies. A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by the LPs may be substantially adversely affected by the unfavorable performance of a small number of these investments. Although FP seeks to broaden the Funds' investment portfolio, the Funds do not have fixed guidelines for diversification and have no control over portfolio investments acquired by the managers of portfolio funds. As a result, certain of the Funds may invest a substantial portion of their assets in a particular underlying fund or portfolio company, or in a particular sector or industry. Various factors, including prevailing market conditions, may inhibit FP's efforts to create a broad investment portfolio. As a result, the respective Fund's investments may be concentrated in relatively few companies, industries, sectors and/or regions.
- XVII. Investments in Natural Resource Interests Are Subject to Market Fluctuations. Certain of the Funds may invest in underlying funds and portfolio companies that invest in oil and gas, timber or other natural resource interests. Such investments may involve risks in addition to those involved in investing in operating entities, including risks associated with natural resource prices and markets.
- XVIII. Private Equity Fund Valuation Risk. Valuation of assets acquired in a portfolio investment may be difficult, as there will generally be no established market for these assets or for securities of privately-held companies. This difficulty is increased when purchasing a portfolio of interests in private equity funds, as the portfolio will lack the benefit of financial statements and periodic company updates. The overall performance of a Fund will be affected by the acquisition price paid by a master fund for its direct or indirect interests in portfolio companies.
- XIX. Hedging Instruments May Adversely Affect Overall Performance. FP expects to engage in hedging and derivative transactions on behalf of certain funds for currency hedging purposes. These hedging strategies could involve a variety of derivative transactions, including, without limitation, forward foreign currency exchange contracts and currency swaps (collectively, "Hedging Instruments"). The risks posed by these transactions include, but are not limited to, the risk that these complex instruments and techniques will not be successfully evaluated, monitored or priced; risk that counterparties will default on their obligations; liquidity risk and leverage risk. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Hedging transactions also involve additional costs and expenses, which may adversely affect the overall performance of certain Funds. There can be no assurance that the hedging transactions, if available, will be effective.
- XX. Cross-Liability Risk. In certain instances, creditors of a feeder fund may have recourse to the assets of a master fund attributable to the other feeder funds if assets of the master fund, including the right to receive capital commitments, are pledged or used to secure obligations of a feeder fund. In particular, the Funds' prime broker(s) may receive a security interest in all of the assets of a master fund in connection with the Hedging Instruments, including assets in excess of a feeder fund's proportionate interest in such master fund. In this case, the losses attributable to the Hedging Instruments exceed the assets attributable to the applicable feeder fund, the prime broker will have recourse to all assets of the master fund, including assets indirectly attributable to investors who are not invested in such feeder fund, to cover such losses, even though such investors will not benefit from any of the income or gains resulting from the Hedging Instruments.
- XXI. Tax Risks. Investment in the Funds involves numerous tax risks. Additional details on such tax risks are described in each of the Funds' Fund Documents.
- XXII. Risks of Derivatives Instruments. Use of derivatives other than for hedging purposes may be considered speculative and, when a feeder fund invests in a derivative instrument, it could lose more than the principal amount invested. Investment in derivative instruments may cause a feeder fund to recognize higher amounts of short-term capital gains, generally taxed to shareholders at ordinary income tax rates. Investors should understand the important risk factors concerning the use of derivatives, such as management risk, counterparty credit risk (i.e., the risk that a loss may be sustained by a

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fund as a result of the failure of the other party to a derivative to comply with the terms of the derivative contract), documentation risk (i.e., the risk that counterparties will differently interpret contractual provisions in an over-the-counter derivatives transaction), liquidity risk, leverage risk (i.e., the risk that adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself) and valuation risk (i.e., the risk of mispricing or improper valuation of a derivative), and cross-liability risk (see above) before investing in a Fund.

- XXIII. Investments in Convertible Securities. Certain Funds may invest in convertible securities, which are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on such Fund's ability to achieve its investment objective.
- XXIV. Distressed Investments. Certain Funds will also be authorized to invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make interest or other payments and the amount of any recovery may be affected by the relative seniority of a Fund's investment in the issuer's capital structure.
- XXV. Investments in Small and Mid-Cap Companies. Investments in mid-cap companies such as those in which a Fund (directly or indirectly) may invest, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in mid-cap companies, could make it difficult for a Fund to react quickly to negative economic or political developments.
- XXVI. Investments in Real Estate. All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a fund's ability to vary its portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a fund will not decrease in the future or that the fund will recognize full value for any investment that the fund is required to sell for liquidity reasons. In addition, the ability of a fund to realize anticipated rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Other risks include changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage loans, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, uninsurable losses and other factors beyond the control of the Underlying Fund's management.
- XXVII. Investments in Vehicles with Various levels of Ownership by FP and or its Affiliates
FP and its affiliates may be investors at various levels of ownership in funds managed or sub-advised by FP for which FP may make or advise private equity investments. Because of different investment objectives or other factors, FP may give advice and take action, with respect to any of the funds it manages or sub-advises that may differ from the advice given to other funds or may involve a different timing or nature of action than that taken with respect to other funds. A particular investment may be bought by one or more funds where the percent ownership by FP and its affiliates is higher than other funds. It is also possible that some funds advised or sub-advised by FP may invest in opportunities dedined by other funds with higher or lower levels of FP and affiliate ownership. The allocation between such investors may present conflicts. FP will determine whether and to what extent which fund will take advantage of such opportunities. To the extent potential

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conflicts of interest exist, the matter may be referred to a fund's advisory board for consultation. FP seeks to allocate investment opportunities in a manner that it believes is fair and equitable over time.

XXVIII. Other Areas from which Potential Conflicts of Interest May Arise

- A. A range of facts and circumstances or "conflict scenarios" may result in FP or its affiliates acting in a manner that may be viewed as inconsistent with the best interest of their clients, regardless of whether FP or its affiliate intended to cause harm to the client. FP has adopted a policy to define the framework for how FP analyzes and addresses conflicts of interest, which may include guidelines to assist FP in evaluating, managing and, where possible, in mitigating potential conflicts of interest, as well as identifying potential conflicts of interest.
- B. Identifying Conflicts - For the purposes of identifying potential conflicts that may arise, FP will generally consider whether the Firm, FP employees, its services providers or other clients:
 1. Are likely to receive a financial gain, or avoid a financial loss, at the expense of any client;
 2. Have an interest in the outcome of a service provided to another client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
 3. Have a financial or other incentive to favor the interest of another client or group of clients over the interest of the client to whom the service is being provided;
 4. Carries on the same business as the client; and
 5. Are likely to receive (from a party other than the client) compensation of any kind, other than the commissions or fees usually charged for such service, in relation to a service provided to the client.
- C. Conflicts of interest may arise in the following areas, amongst others:
 1. Principal Trades
 2. Cross Trades
 3. Directed Brokerage
 4. Trading Errors
 5. Management Consistency with Investment Style
 6. Allocation of Investment Opportunities
 7. Valuation
 8. Performance Fees
 9. Side Letters
 10. Expense Allocation
 11. Outside Employee Business Activities inclusive of Directorships
 12. Possession of Material Non-public information
 13. Personal Trading
 14. Advertising
 15. Cash Solicitations

Item 9 – Disciplinary Information: None

Item 10 – Other Financial Industry Activities and Affiliations

- I. Neither FP nor any of its management persons are registered as, or registered representatives of, broker-dealers. FP may determine, subject to its policies governing conflicts of interest, to utilize affiliated broker-dealers to effect transactions for its clients. In such circumstances, FP clients will typically pay the fees associated with the transactions in addition to management and performance fees.
- II. FP may, from time to time, invest its client's assets in funds managed by third-parties, including third-parties who act as co-advisers to one or more funds or other investment products managed by FP. In certain situations, it may be the case that such third-party managers also have other funds that invest in funds or investment products managed by FP. Any investments made by FP in such third-party managed funds, and any third-party managed funds investing funds or investment products managed by FP, will be made on an independent basis and generally on terms substantially the same as are applicable to other investors.
- III. FP may from time to time enter into agreements in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and guidance issued thereunder, pursuant to which FP remits a portion of management fees received to an outside party, including affiliates of FP, for solicitation activities.
- IV. FP and its employees are not registered and do not have any applications pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person, as applicable with the National Futures Association.
- V. As above stated in Item 4 "Advisory Business," and separately in FP's Form ADV Part I, FP is affiliated with Natixis entities, including other investment advisers established in various jurisdictions. FP may allocate fund of fund investments to

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underlying funds that are managed by affiliated Natixis entities. Further, FP and its affiliates may render investment advisory services to clients other than the Funds. FP and its affiliates may be the sponsors and investment managers of other private investment funds. In addition, FP and its affiliates may be advisers to various clients for whom they also may make private equity investments. Because of different investment objectives or other factors, FP or its affiliates may give advice and take action, with respect to any of their clients, that may differ from the advice given, or may involve a different timing or nature of action than that taken with respect to a Fund. A particular investment may be bought by one or more funds managed by FP, FP or its affiliates at a time when one or more of such persons is selling such investment or vice versa. FP will determine whether and to what extent the funds it manages will take advantage of such opportunities. If both the Funds and another client advised by FP or its affiliates may co-invest in securities of the same issuer, the allocation between such investors may present conflicts. It is also possible that other clients advised by FP may invest in opportunities declined by the Funds. To the extent potential conflicts of interest exist between the Funds and FP and its affiliates and other clients such conflicts may be referred to a Fund's advisory board for consultation and FP typically will allocate an investment opportunity amongst its Funds or among a Fund any other client advised by FP or an affiliate in a manner that it believes is fair and equitable over time.

- VI. Although FP employs its own investment advisory personnel, FP may also utilize the services of and obtain assistance from FP SAS and the other Flexstone companies. To the extent the Flexstone Companies are involved in advising FP with respect to the Funds, they are considered "Participating Affiliates" and comply with the required record keeping and inspection provisions of the Advisers Act set forth in the Uniao de Bancos de Brazil S.A. (July 28, 1992) no-action letter and similar staff no-action positions. Pursuant to a sub-advisory agreement between FP and FP SAS, FP SAS provides advisory services to FP to assist FP in the selection, evaluation, acquisition and monitoring of portfolio investments. Employees of the Flexstone Companies who are involved in providing advice to FP with respect to the Funds are considered FP's "associated persons", and as such are subject to FP's Code (as defined below).

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

Code of Ethics: FP has implemented policies and procedures to monitor the personal trading activities of its personnel and certain members of their immediate families. FP maintains a Code of Ethics (the "Code") that governs the conduct of its personnel. The Code describes FP's standard of business conduct, its fiduciary duty to its clients and includes provisions relating to, among other things, personal securities trading procedures. Clients and prospective clients may request a copy of the Code by calling 212 703 0300 or sending an email to contact@flexstonepartners.com. The Code places restrictions on personal trades by FP's access persons, requiring that they disclose their personal securities holdings (including investment instruments and all accounts over which they have beneficial ownership) and transactions to FP on a at least a quarterly basis. It also requires that access persons pre-clear certain types of personal securities transactions by obtaining prior written consent from Compliance before obtaining a direct or indirect beneficial interest in these transactions. Consistent with its Code, FP seeks to limit personal investments that may conflict with the interests of FP's clients. FP anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which it has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which FP, its affiliates and/or its clients, directly or indirectly, may have an interest. Subject to satisfying applicable laws and the Code, officers, directors and employees of FP and its affiliates may trade in certain securities, in their own accounts, which are recommended to and/or purchased for FP's clients. Employee trading is monitored under the Code of Ethics, and in doing so,

FP seeks to mitigate the effect of any potential conflicts of interest between FP, its employees and clients. **Participation or Interest in Client Transactions:** Given the diverse business activities of its affiliates and the broad scope of its activities, FP may on occasion find investment opportunities on behalf of its clients where the opposing party in the transaction is an entity related to FP. In addition, FP may on occasion determine to effect a purchase and sale transaction between two or more accounts that it manages. These types of transactions may, for regulatory purposes, be "principal transactions" and "cross transactions," respectively. For principal transactions, FP will provide the client, an agent of the client or an independent person acting on behalf of a client, written disclosure regarding the material terms of the transaction and receive consent before completion of the transaction, in accordance with the requirements of the Advisers Act. For cross transactions, FP has established policies and procedures for determining that the securities are being transferred between accounts at a fair price and/or subject to the applicable requirements of the applicable Fund Documents. In addition, under limited circumstances, employees may be permitted to invest in the same securities as clients, and therefore, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. In connection with providing investment management and advisory services to its clients, FP acts independently of other affiliated investment advisers ("Affiliated Firms") and manages the assets of each of its clients in accordance with the investment mandate agreed with such clients. Related persons of FP are engaged in securities transactions. FP or its related persons may invest in the same securities that FP recommends to or for, purchases or sells for its clients. FP and its related persons (to the extent they have independent relationships with the client) may give advice to and take action with their own accounts or with other client accounts that may compete or conflict with the advice FP may give to, or an investment action FP may take on behalf of, the client or may involve different timing than with respect to the client. Since the trading activities of the Affiliated Firms are not coordinated, each

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may trade the same security at or about the same time, on the same or opposite side of the market, thereby possibly affecting the price, amount or other terms of the trade execution, adversely affecting some or all clients. Similarly, one or more clients of FP's related persons may dilute or otherwise disadvantage the price or investment strategies of another client through their own investment transactions. FP's management on behalf of its clients may benefit itself or its related persons. For example, clients may, to the extent permitted by applicable law, invest directly or indirectly in the securities of entities in which FP or a related person, for itself or its clients, has an economic interest, and clients, or FP or a related person on behalf of its client, may engage in investment transactions which could result in other clients being relieved of obligations, or which may cause other clients to divest certain investments. The results of the investment activities of a client of FP may differ significantly from the results achieved by FP for other clients or future clients. Moreover, FP typically will not have the ability to influence the actions of its related persons. FP from time to time, on behalf of its clients, may purchase securities in public offerings or secondary offerings in which a related person may be a member in the underwriting syndicate. Any such participation is generally undertaken in accordance with firm policy, applicable law and such securities are not purchased directly from such related person. Where FP has knowledge that it may be recommending an investment to an advisory client at or about the same time that an affiliate may buy or sell the same investment for its own account or a client it manages, FP's Investment Committee, will determine, with the assistance of outside counsel, if needed, whether the factors present preclude it from recommending the investment. Possible cures for the potential conflict of interest may include relying on disclosures made (i.e. in a client's Fund Documents) and a review of registration information about the affiliate (i.e., whether the affiliate is a registered investment company). There can be no assurance that conflicts of interest will be resolved in favor of a particular client's interests. Where FP has knowledge that an affiliated person has an ownership in or otherwise may directly benefit from FP making or recommending a particular investment, it has policies and procedures in place to address such conflict, which may include that such conflict will be fully disclosed and if such person is a member of FP's Investment Committee or other decision making group regarding the investment, that such person will be recused from all discussion and decision making with regard to the matter.

Co-investments in Direct Investments Opportunities ("Co-investments")

From time to time, FP may find investment opportunities intended for a Fund that it manages in which the amount of the available opportunity exceeds the investment needs of such Fund. In this kind of circumstance, FP may, in its discretion, offer all or a portion of such opportunities to investors or sponsors with whom FP has relationships, including limited partners in the Funds it manages. The procedure for offering Co-Investments to direct investment limited partners ("DIFLPs") begins with FP notifying, by email, all fund limited partners who have previously indicated an interest in investing in Co-Investment opportunities, that a specific opportunity is likely to become available. FP will send a second email with general information about the prospective Co-Investment opportunity identifying: 1) The name of the opportunity and summary information about the company; 2) The size of the co-investment available, and 3) The deadline for response. Each such DIFLP will be asked to give an initial indication of its interest amount contingent upon further investment information to be provided. Based on the responses, FP will list the respondents by amount of interest to invest, date and time of receipt from each such DIFLP of its interest to invest and the amount it has committed to any FP Fund. Based on this and other relevant factors, FP's Investment Committee ("IC") will determine who will be offered the opportunity to purchase the Co-Investment. Generally, FP will seek the fewest number of investors. To ensure that the allocation is fair and equitable, FP may utilize a rotational method, or other accepted practice. The Marketing team will notify the selected DIFLP(s) and provide a copy of FP's prospective investment summary on the investment. FP will remind each DIFLP that 1) FP is not recommending the opportunity; 2) That any decision whether to invest is theirs to make; and 3) FP is not acting as a fiduciary to the selected DIFLP(s), regarding the Co-Investment. Legal and applicable fees for structuring the co-investment vehicle will be shared by the Fund and the participating DIFLP(s) pro-rata. No management or carry is to be charged on the co-investments by FP. Such opportunities are generally not available to FP employees.

Item 12 – Brokerage Practices

- I. Soft Dollar Arrangements, Brokerage for Client Referrals, Directed Brokerage: FP does not engage in such arrangements.
- II. Best Execution: The Funds rarely, if ever, directly trade public securities with the exception of investing cash in money market funds. A Fund holding a private security that goes public would have the opportunity to sell such newly public security and FP has adopted applicable procedures. In cases where FP obtains control of public securities, FP generally chooses the executing broker/dealer that it believes will provide best execution, determined on a qualitative basis. In making this determination, FP may consider a number of factors including, but not limited to: execution capability, cost of execution, knowledge of shareholder dynamics in a security, role in the IPO, general accessibility and experience working with private equity firms. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with FP's obligation of best execution. In such circumstances, if applicable, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FP will retain records trades on behalf of its clients, if any.
- III. Trading Allocation: FP has procedures in place which are designed to ensure that all clients are treated fairly and equitably over time and to prevent conflicts from influencing the allocation of investment opportunities among clients. In addition,

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certain fund organizational documents as negotiated with investors have provisions limiting the formation of new funds and/or the allocation of investment opportunities.

Item 13 – Review of Accounts

- I. Ongoing Monitoring - Underlying funds are monitored by the firm's investment team through a review of monthly reports from underlying fund managers regarding any significant changes to the management structure of the underlying funds, and/or other developments; evaluation of the K-1 Schedules for any possible tax considerations; a assessment of SSAE 16 reports and shareholder letters if applicable.
- II. End of reporting period monitoring – The Investment Team, and certain accounting and reporting personnel:
 - A. Consider and review each Fund's monthly capital account statements, correspondence, related newsletters, quarterly financials and audited annual financials to get detailed explanations and to obtain comfort on the underlying investment valuation process.
 - B. Provide a written quarterly commentary to investors, as applicable.
 - C. Provide a written quarterly or semi-annual portfolio management report consisting of portfolio summaries, quarterly cash flows, and (summary) fund reports, valuation comparisons, underlying portfolio exposure and best and worst performing companies.
- III. Executive Committee - FP has established an Executive Committee to which each new investment opportunity is brought by the investment team member that identified such opportunity. The Executive Committee identifies what it believes to be the key risks of each investment opportunity and establishes an internal consensus on whether to move forward to the next phase of due diligence for such opportunity. The Executive Committee is composed of the members of senior management and the Investment Team.
- IV. The accounting and reporting department is overseen by two managers.

Item 14 – Client Referrals and Other Compensation: FP may from time to time enter into agreements in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, pursuant to which FP remits a portion of the management fees received from clients to an outside party, which may include affiliates of FP, for solicitation activities.

Item 15 – Custody: FP is deemed to have custody of funds it manages by virtue of the powers granted to it and/or its affiliates that serve as general partners to the funds by the formation documents of each Fund. The custodian delivers monthly account statements to each of the clients. Additionally, FP delivers financial statements, which have been audited by an independent public accounting firm, to the investors in the Funds. Investors in the Funds should review those financial statements carefully.

Item 16 – Investment Discretion

FP manages both discretionary and non-discretionary assets. Discretionary authority and the limitations thereof are stated in each Fund's Limited Partnership Agreement ("LPA"). FP exercises its investment discretion in a manner consistent with each Fund's stated investment objectives, investment policies, limitations and restrictions, as applicable, in each fund LPA and related documents (including any side letters or other agreement with particular investors).

Item 17 – Voting Client Securities: While the securities evidencing the private equity investments made by the funds managed by FP (the "Funds") are not typically the subject of proxies, there could be certain circumstances where FP, having discretionary authority over the accounts the Funds, may be asked to vote the securities of a fund on restructuring or other corporate matters. FP will ensure that a record of each securities position held the Funds is maintained and, where any such vote is to occur, will ensure that FP received all relevant information, disclosure materials and such proxies or consents as are necessary for FP to be able to cast votes in a timely manner. FP will also determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a fund. If FP determines that there is no material conflict of interest, then it will make the voting determination and take the required voting action. If FP determines that, due to a conflict of interest, it is not capable of making an independent determination as to the voting decision, then the voting decision will be that recommended by the applicable limited partner advisory committee. The Funds cannot direct FP to vote in a particular solicitation, as each is controlled by its general partner (FP or an affiliate) and, as such, each is aware of how FP voted with respect to its securities. A copy of FP's proxy voting policies and procedures will be provided to any client and prospective client upon request.

Item 18 - Financial Information: Not applicable.

Item 19 - Requirements for State-Registered Advisers: None