

INVESTMENT ADVISER BROCHURE

RESILIENCE MANAGEMENT, LLC

**25101 Chagrin Boulevard
Suite 350
Cleveland, Ohio 44122
www.resiliencecapital.com**

March 29, 2019

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Resilience Management, LLC, an Ohio limited liability company (“Resilience Management”). If you have any questions about the contents of this Brochure, please contact us at (216) 292-0200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

Additional information regarding Resilience Management is also available on the SEC’s website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS

	<u>Page</u>
Resilience Management, LLC.....	i
Material Changes	1
Advisory Business	1
Fees and Compensation.....	3
Performance-Based Fees and Side-By-Side Management	8
Types of Clients	8
Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Disciplinary Information.....	25
Other Financial Industry Activities and Affiliations.....	26
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	26
Brokerage Practices	28
Review of Accounts.....	29
Client Referrals and Other Compensation.....	29
Custody	29
Investment Discretion.....	30
Voting Client Securities.....	30
Financial Information.....	30

MATERIAL CHANGES

Resilience Management filed its most recent Form ADV Part 2 on March 29, 2018. This annual amendment updates the description of certain of the business practices of Resilience Management and its affiliates, including the terms and operations of the Resilience Funds (as defined below).

ADVISORY BUSINESS

Resilience Management is a private investment management firm, including several registered investment advisory entities and other organizations affiliated with Resilience Management (collectively, “**Resilience**”), that manages approximately \$621.5 million in private fund assets. Resilience commenced operations in July 2001.

Resilience Management (formerly known as “Resilience Management, Inc.,” “Resurgence Capital Management, Inc.” and “FRM Management, Inc.”), a registered investment adviser, provides advisory personnel and services to the following private investment funds (collectively, the “**Resilience Funds**”):

- The Resilience Fund II, L.P., of which Resilience Capital Partners II, L.L.C. (“**RCP II**”) is the general partner; The Resilience Fund II Annex, L.P. (the “**Resilience IIA Fund**” and, together with The Resilience Fund II, L.P., the “**Resilience II Fund**”), of which Resilience Capital Partners II Annex, L.L.C. (“**RCP IIA**”) is the general partner;
- The Resilience Fund III, L.P., of which Resilience Capital Partners III, L.L.C. (“**RCP III**”) is the general partner; The Resilience Fund III (PF), L.P. (the “**Resilience III (PF) Fund**” and, together with The Resilience Fund III, L.P., the “**Resilience III Fund**”), of which RCP III is the general partner; and
- The Resilience Fund IV, L.P., of which Resilience Capital Partners IV, L.P. (“**RCP IV**” and, together with RCP I (defined below), RCP II, RCP II FO (defined below), RCP IIA, and RCP III the “**General Partners**”) is the general partner; and The Resilience Fund IV-A, L.P. (the “**Resilience IV-A Fund**” and, together with The Resilience IV Fund, L.P., the “**Resilience IV Fund**”).

The Resilience Funds are private equity funds that invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies.**” Resilience’s investment advisory services to the Resilience Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Resilience or its affiliates generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Resilience Funds.

Additionally, Resilience Management provides advisory personnel and services to an investment holdings fund named Beech Resilience Holdings L.L.C. (“**Beech Resilience**”), of which Resilience Capital Partners, L.L.C. (“**RCP I**”) is the managing member, and the following co-investment vehicles (together, the “**Resilience Co-Investment Funds**”), each of which were formed to invest side-by-side with one or more Resilience Funds:

- Resilience Flight Options, L.L.C.;
- North Coast Resilience Holdings, L.L.C. and North Coast Minerals L.L.C.;
- Resilience Nextant Aircraft, L.L.C.;
- Resilience SIMCOM Holdings, LLC;
- Resilience OneSky, LLC and Resilience OneSky A, LLC, of which Resilience Capital Partners II FO, LLC (“**RCP II FO**”) serves as the managing member; and
- Resilience Stonebriar Investors, LLC and Resilience Stonebriar Investors A, LLC, of which RCP II FO serves as the manager.

From time to time, the Advisers may provide (or agree to provide) certain investors or other persons co-investment opportunities, including the opportunity to participate in co-investment vehicles such as the Resilience Co-Investment Funds, that will invest in certain portfolio companies alongside a Resilience Fund. Such co-investments typically involve investment and disposal of investments in the applicable portfolio company at the same time and on the same terms as a Resilience Fund making the investment. However, from time to time, for strategic and other reasons, a co-investment vehicle may purchase a portion of an investment from a Resilience Fund. Any such purchase from a Resilience Fund by a co-investment vehicle generally occurs shortly after the Resilience Fund’s completion of the investment to avoid any changes in valuation of the investment, and the co-investment vehicle may be charged interest on the purchase to compensate the relevant Resilience Fund for the holding period.

Resilience Management commenced operations in July 2001. Each General Partner is registered with the SEC as an investment adviser under the Advisers Act pursuant to Resilience Management’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business with Resilience Management.

Resilience’s advisory services for the Resilience Funds are detailed in the applicable private placement memorandum or other offering documents (including the supplements thereto, each, a “**Memorandum**”) and the limited partnership or operating agreement of the applicable Resilience Fund (each, a “**Partnership Agreement**” and, as applicable, together with any relevant Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” The limited partners or members, as applicable, of the Resilience Funds (the “**Limited Partners**”) participate in the overall investment program for such Resilience Fund, but may be excused from a particular investment due to legal, tax, regulatory or other agreed upon circumstances pursuant to the relevant Governing Documents. The Resilience Fund, Resilience or the General Partners have entered into side letters or other similar agreements with certain Limited Partners that have the effect of establishing rights under, or altering or supplementing the terms (including economic

or other terms) of, the applicable Resilience Fund's Governing Documents with respect to such Limited Partners.

As of December 31, 2018, Resilience managed approximately **\$621.5** million in client assets on a discretionary basis. Resilience is ultimately controlled by Steven H. Rosen and Bassem A. Mansour (the "**Managing Partners**").

FEES AND COMPENSATION

In general, the General Partners receive carried interest (*i.e.*, a performance-based partnership allocation) and Resilience Management receives Management Fees (as defined below) from the Resilience Funds in connection with advisory services. The General Partners or other Resilience entities or affiliates generally receive additional compensation in connection with management and other services performed for portfolio companies of the Resilience Funds and such additional compensation will offset in whole or in part the Management Fees otherwise payable to Resilience Management in accordance with the relevant Governing Documents. Limited Partners also bear certain fund expenses. In addition, the General Partners or other Resilience entities may receive compensation for management and other services performed in connection with co-investment vehicles. Fees and compensation from co-investment vehicles generally will not reduce the Management Fees payable by any Fund. Similarly, in certain circumstances, Resilience Management expects that co-investors or other parties will negotiate the right to share a portion of such fees from a particular investment, and any below-described offset percentage will be applied after excluding any amounts paid to such persons.

Management Fees

The Resilience II Fund

The Resilience II Fund pays Resilience Management, semi-annually in advance, a management fee (the "**Management Fee**") equal to 2% *per annum* of the Resilience II Fund's aggregate cost basis of the invested assets of the Limited Partners, as of the 15th day before the payment is due. Although the Governing Documents call for the Management Fee to be paid in advance on a semi-annual basis, historically RCP II has not required or made, and RCP II has represented to the Resilience II Fund's investors that it will not in the future require or make, a capital call request for Management Fees six months or more in advance. A Management Fee capital call has not been made since July 2008 and there is not expected to be another Management Fee capital call for the remainder of the Resilience II Fund's existence. RCP II will not bear or pay any Management Fee.

The Management Fee will be payable until all of the Resilience II Fund's portfolio companies are otherwise divested or until RCP II's relationship with the Resilience II Fund is terminated for other reasons (as described in the Governing Documents). Installments of the Management Fee payable for any period other than a full semi-annual period are adjusted on a *pro rata* basis according to the actual number of days in such period.

In addition, the Management Fee is offset by 50% of the Resilience II Fund's share of any transaction, monitoring, advisory, investment banking, directors', break-up and other similar fees ("**Supplemental Fees**") that are paid to Resilience Management by a portfolio company,

prospective portfolio company or other third party in connection with acquisitions, holdings and exits by the Resilience II Fund. Additionally, as further described below, certain operating partners who provide services to (or with respect to) certain portfolio companies in which the Resilience II Fund invests may receive compensation, and such compensation generally will not result in additional offsets to the Management Fee. The Management Fee will be further reduced in the circumstances and by the amounts described in the Governing Documents.

Any Resilience Co-Investment Funds formed in connection with The Resilience Fund II Fund do not pay a Management Fee.

The Resilience IIA Fund

The Resilience IIA Fund pays Resilience Management, in advance and no more frequently than semi-annually, a Management Fee equal to 2% *per annum* of the Resilience IIA Fund's aggregate cost basis of the invested assets of the Limited Partners as of the due date of the Management Fee. Limited Partners participating in a closing after March 10, 2009 bear the applicable Management Fee retroactive to March 10, 2009, plus interest thereon calculated at a rate of 8% *per annum*. Although the Governing Documents call for the Management Fee to be paid in advance on a semi-annual basis, historically RCP IIA has not required or made, and RCP IIA has represented to the Resilience IIA Fund's investors that it will not in the future require or make, a capital call request for Management Fees six months or more in advance. A Management Fee capital call has not been made since January 2010 and there is not expected to be another Management Fee capital call for the remainder of the Resilience IIA Fund's existence. RCP IIA will not bear or pay any Management Fee.

The Management Fee will be payable until all of the Resilience IIA Fund's portfolio companies are otherwise divested or until RCP IIA's relationship with the Resilience IIA Fund is terminated for other reasons (as described in the Governing Documents). Installments of the Management Fee payable for any period other than a full semi-annual period are adjusted on a *pro rata* basis according to the actual number of days in such period.

In addition, the Management Fee is offset by 50% of the Resilience IIA Fund's share of any Supplemental Fees that are paid to Resilience Management by a portfolio company, prospective portfolio company or other third party in connection with acquisitions, holdings and exits by the Resilience IIA Fund. Additionally, as further described below, certain operating partners who provide services to (or with respect to) certain portfolio companies in which the Resilience IIA Fund invests may receive compensation, and such compensation generally will not result in additional offsets to the Management Fee. The Management Fee will be further reduced in the circumstances and by the amounts described in the Governing Documents.

Any Resilience Co-Investment Funds formed with respect to The Resilience IIA Fund do not pay a Management Fee.

The Resilience III Fund

The Resilience III Fund pays Resilience Management, semi-annually in advance, a Management Fee equal to 2% *per annum* of Resilience III Fund's aggregate cost basis of the invested assets of the Limited Partners as of the due date of the Management Fee. Limited

Partners participating in a closing after the initial closing date of May 25, 2011 bear the applicable Management Fee retroactive to May 25, 2011, plus interest thereon calculated at a rate of prime plus 2% *per annum*. Although the Governing Documents call for the Management Fee to be paid in advance on a semi-annual basis, historically RCP III has not required or made, and RCP III has represented to the Resilience III Fund's investors that it will not in the future require or make, a capital call request for Management Fees six months or more in advance. RCP III's Class B-1 investors will not bear or pay any Management Fee.

The Management Fee will be payable until all of the Resilience III Fund's portfolio companies are otherwise divested or until RCP III's relationship with the Resilience III Fund is terminated for other reasons (as described in the Governing Documents). Installments of the Management Fee payable for any period other than a full semi-annual period are adjusted on a *pro rata* basis according to the actual number of days in such period.

In addition, the Management Fee is offset by 80% of the Resilience III Fund's share of any Supplemental Fees that are paid to Resilience Management by a portfolio company, prospective portfolio company or other third party in connection with acquisitions, holdings and exits by the Resilience III Fund. Additionally, as further described below, certain operating partners who provide services to (or with respect to) certain portfolio companies in which the Resilience III Fund invests may receive compensation, and such compensation generally will not result in additional offsets to the Management Fee. The Management Fee will be further reduced in the circumstances and by the amounts described in the Governing Documents.

Any Resilience Co-Investment Funds formed with respect to the Resilience III Fund do not pay a Management Fee.

The Resilience IV Fund

The Resilience IV Fund pays RCP IV, semi-annually in advance, a Management Fee equal to 2% *per annum* of the Resilience IV Fund's aggregate limited partner capital commitments ("**Commitments**") as of the due date of the Management Fee. Limited Partners participating in a closing after the initial closing date of October 30, 2014 bear the applicable Management Fee retroactive to October 30, 2014, plus interest thereon calculated at a rate of prime plus 2% *per annum*.

Upon the earlier to occur of (i) the operation by RCP IV or Resilience Management of a new equity investment fund with objectives, strategy and scope substantially similar to those of Resilience IV Fund and committed capital of at least 75% of the aggregate commitments of the Resilience IV Fund, (ii) the date on which all of the Commitments have been invested or otherwise used to pay expenses of the Resilience IV Fund, (iii) October 30, 2019, or (iv) certain other events described in the Governing Documents, the Management Fee will be reduced and will equal 2% *per annum* of the cost basis of the invested assets of the Limited Partners, as of the 15th day before the bi-annual payment is due.

The Management Fee will be payable until all of the Resilience IV Fund's portfolio companies are otherwise divested or until RCP IV's relationship with the Resilience IV Fund is terminated for other reasons (as described in the Governing Documents). Installments of the

Management Fee payable for any period other than a full semi-annual period are adjusted on a *pro rata* basis according to the actual number of days in such period.

In addition, the Management Fee is offset by 80% of the Resilience IV Fund's share of any Supplemental Fees that are paid to Resilience Management by a portfolio company, prospective portfolio company or other third party in connection with acquisitions, holdings and exits by the Resilience IV Fund. Additionally, as further described below, certain operating partners who provide services to (or with respect to) certain portfolio companies in which the Resilience IV Fund invests may receive compensation, and such compensation generally will not result in additional offsets to the Management Fee. The Management Fee will be further reduced in the circumstances and by the amounts described in the Governing Documents.

Any Resilience Co-Investment Funds formed with respect to the Resilience IV Fund do not pay a Management Fee.

Carried Interest

The General Partners receive a carried interest with respect to the applicable Resilience Fund equal to up to 25% of all realized profits, as more fully described in the applicable Governing Documents. The carried interest distributed to the General Partners is subject to a potential clawback at the end of the life of the applicable Resilience Fund if the relevant General Partner has received excess cumulative distributions. The terms of each Fund's carried interest calculation are explained in each Fund's respective Governing Documents.

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

Other Information

The Resilience Funds invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Resilience Fund and Limited Partners generally are not permitted to withdraw or redeem interests in the Resilience Funds.

Principals or other employees of Resilience may receive a portion of the Management Fee, carried interest or other compensation received by the General Partners or their affiliates. Resilience may exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Resilience Management and any other person designated by Resilience Management, such as "friends and family" of Resilience Management or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Resilience and/or its affiliates, or through other Funds which co-invest with a Fund. Additionally, to the extent permitted by the relevant Governing Documents, certain General Partners have the right to permit investors, affiliated with Resilience or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors.

In addition to the Management Fee and carried interest payable to the General Partners, the Resilience Funds bear certain expenses. As set forth in the Governing Documents, the Resilience Funds bear all expenses to the extent not paid by portfolio companies, including: (i) up to a stated amount of the applicable Resilience Fund's reasonable organizational costs and expenses; and (ii) costs and expenses associated with such Resilience Fund's operation, including without limitation (A) the Management Fee, (B) expenses related to evaluating and negotiating prospective and actual investments, which may include travel expenses (including on a limited basis private or chartered travel expenses), (C) expenses related to acquiring, holding, managing and disposing of actual investments, (D) expenses related to each Resilience Fund's relevant advisory board, executive committee, administrative committee or investment committee (each, howsoever described, an "**Investment Committee**"), (E) indemnification obligations of such Resilience Fund, (F) expenses associated with the engagement of professionals, (G) expenses associated with tax and accounting reports and (H) other expenses associated with such Resilience Fund's administration and operation that are not born by the applicable General Partner or Resilience Management. In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Portfolio company-related fees may also be paid upfront for an initial one-year or other term, pursuant to the relevant portfolio company services agreement, and such fees will be offset against the applicable Management Fee to the extent set forth in the relevant Governing Documents.

A General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Resilience's related policies and the relevant Governing Documents and/or side letter(s). If a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction, in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, or would otherwise be beneficial, in the judgement of the General Partners, ultimately is not consummated, all expenses relating to such transaction ("**Broken Deal Expenses**") will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-invest or other vehicle in connection with such transaction, such vehicles expected to bear its share of such Broken Deal Expenses.

Additionally, as further described below and in the applicable Governing Documents, certain Resilience operating partners may provide services to (or with respect to) certain portfolio companies in which a Resilience Fund may invest. In connection with such services, such Resilience operating partners may receive investment opportunities in such portfolio companies or in Resilience Funds or other entities, as well as fees and other compensation (including but not limited to transaction fees) from such portfolio companies, and such compensation generally will not result in additional offsets to the Management Fee. Resilience and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a

portfolio company and, if so, the rate, timing, method and/or amount of such compensation. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees may give rise to conflicts of interest between the Resilience Funds, on the one hand, and Resilience and/or its affiliates on the other hand.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the relevant General Partner receives a carried interest allocation on certain realized profits in the applicable Resilience Fund. Resilience Management does not typically advise any private investment fund not subject to a carried interest. Additionally, to the extent that Resilience Management personnel are assigned varying percentages of carried interest from the Resilience Funds, such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for Resilience Funds from which they are entitled to receive a higher carried interest percentage.

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

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

TYPES OF CLIENTS

Resilience provides investment advice to the Resilience Funds, each of which is a private investment fund formed under domestic laws and operated as an exempt investment pool under the Investment Company Act of 1940, as amended. The Limited Partners participating in the Resilience Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Resilience and its affiliates and members of their families, operating partners or other service providers retained by resilience.

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

The Resilience Funds generally have minimum investment amounts for third-party investors, and the respective partnership interests are offered and sold solely to accredited investors who are also qualified clients and/or qualified purchasers (or qualified knowledgeable

Resilience III Fund personnel). Any such minimum investment amount may be waived by relevant General Partner.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The Resilience Funds will seek to realize long-term capital appreciation primarily through the purchase of a broad and varied portfolio of controlling and, on occasion, minority private equity investments in companies that are anticipated to have annual revenues between \$25 million and \$250 million. The Resilience Funds' focus is investing in lower-middle-market underperforming and turnaround situations, but may invest opportunistically in other types of situations. The Resilience Funds intend to be flexible in terms of the ultimate form of transaction and context in which it is consummated. The Resilience Funds will acquire companies or assets in a variety of special situations, including bankruptcy proceedings, secured party sales and corporate divestitures, as well as traditional private party transactions. Additionally, the Resilience Funds may purchase a variety of securities to achieve its objective of making control equity investments, including purchasing debt or other debt-oriented securities. The Resilience Funds may invest up to 10% of aggregate Commitments in public debt securities. The Resilience Funds will finance their acquisitions using leverage and, on occasion, may use the Resilience Funds to bridge the leverage.

Investment and Operating Strategy

Investment Criteria. Resilience, on behalf of the Resilience Funds, intends to make control equity investments in lower middle market companies with revenues between \$25 and \$250 million. On occasion, minority investments are made. Resilience intends to target companies that have a solid core business, but are underperforming or distressed due to one or more of the following: (i) structural or cyclical industry downturn; (ii) excessive liabilities and lack of access to capital; (iii) status as a non-core subsidiary or division of a larger corporation; (iv) status as an "orphan" micro-cap public company; (v) insufficient management focus and resources; and (vi) fatigued lender relationships.

Resilience may acquire companies pursuant to federal and state statutes, including through a bankruptcy auction under Section 363 of the U.S. Bankruptcy Code or through a secured party sale under Article 9 of the Uniform Commercial Code ("UCC"). The Resilience Funds seek to identify and invest in companies with: (i) sustainable competitive advantage in a defensible market niche; (ii) a strong management team either in place or identified; (iii) a clear path to an economic turnaround; and/or (iv) compelling benefits to be derived from being decoupled from a parent company.

Industry and Geographic Focus. As a special situation investor, Resilience does not focus on a particular set of industries, but rather on the situational criteria detailed herein. Resilience has invested in industry sectors where it has unique resources, bringing specific industry experience and relationships to every transaction. Resilience seeks to leverage this experience and these relationships with its investment decisions. This has the potential to result

in not only a unique perspective brought to each portfolio company, but also a greater potential for diverse set of industries across each Resilience Fund's portfolio.

The industry composition of a Resilience Fund's portfolio will depend on, among other considerations, the evolution of the market conditions in the respective sectors. Resilience, on behalf of the Resilience Funds, will continue to invest in industries that present the most attractive risk/reward opportunities and where Resilience can add substantial value to portfolio companies through its experience and professional relationship network.

The Resilience Funds will continue to invest in companies headquartered in North America, although some of these companies may have multi-national or global operations. However, a Resilience Fund may invest opportunistically in other geographic locations, in accordance with its overall investment strategy.

Deal Sourcing Capabilities. Resilience believes that, in the restructuring and turnaround market, information about upcoming deals is more difficult to obtain than in the buyout market, as many sellers prefer not to advertise their operational or financial challenges to the community of potential buyers. In addition, there is usually little time to approach investors like Resilience in a systematic manner, because many owners of a distressed company are forced by their constituents (*e.g.*, lenders, customers, creditors) to complete a transaction quickly. Resilience believes that these market dynamics emphasize the importance of sourcing investment opportunities through networks of professional relationships. Resilience has cultivated an extensive network of senior executives and experts in the relevant industries, the financial arena and the professional services landscape.

Resilience retains its sources due to Resilience's ability to diligence target companies in a timely manner. Resilience has the resources to complete a transaction, increasing certainty to close. Over the past several years, a significant portion of Resilience's deal prospects have come from traditional intermediaries, including investment banks, while the balance have come from other sources, including a more proprietary professional network. However, a substantial proportion of those prospects that have resulted in consummated transactions are brought to Resilience through individuals from within that proprietary professional network.

Due Diligence Process. Resilience conducts a rigorous and disciplined due diligence process to research, analyze and quantify the relative risks and rewards of every investment opportunity under consideration. The due diligence process focuses on material aspects of a company under consideration, including (i) products and services, (ii) business operations (supply chain, sales and marketing, geographic footprint, administration), (iii) information systems, (iv) partners (vendors, customers), (v) human resources (employees, wage/hour, retirement/severance obligations, union contracts), (vi) finance (assets, liabilities, debt structure, profits/losses, cash-flow, forecasts and budgets), (vii) legal (intellectual property, pending and potential litigation, compliance, contractual terms, M&A, bankruptcy), (viii) insurance matters, (ix) environmental matters, (x) organizational structure, (xi) management and board of directors, (xii) general market environment and (xiii) competitive landscape.

Due diligence is conducted by members of Resilience's transaction and operations groups, under the guidance of one of Resilience's Managing Partners. Depending on the

situation, the due diligence process may also involve outside management resources or industry experts and consultants and/or advisers for operations, finance, accounting, legal, insurance and IT evaluation. In the past, Resilience has worked with a range of service providers, including large national and global firms and lenders.

The transaction team conducts interviews with senior and middle management of the potential acquisition target and may also consult with suppliers, former employees and customers. The due diligence process always involves a review of a company's potential legal issues, which may include analysis of pension and benefit arrangements, environmental concerns, outstanding litigation, tax and regulatory matters, as well as the review of all relevant legal documents, such as material contracts, credit agreements and employment contracts. Due to the structure of lower-middle-market companies and the nature of distressed company deals, information is not always presented in an organized fashion. In order to make informed investment decisions, Resilience allocates significant time and resources to guarantee that the due diligence material received is sufficient to evaluate a potential deal.

The goal of Resilience's due diligence process is not only to determine the intrinsic value of a potential investment, but also to identify all significant risks of the business and to formulate a plan to mitigate such risks, either through the transaction documents or a post-acquisition strategic plan. Turnaround strategies are crafted and evaluated at this stage. For this reason, Resilience's transaction teams include senior experts with extensive turnaround experience and capabilities, which we consider to be a significant competitive advantage.

Transaction Process. During the preparation phase of a transaction, when purchase agreements with the then-existing owners and debtors are drafted, Resilience lays the groundwork for the later restructuring of the company under acquisition. This process often includes the negotiation and closing of: (i) employment agreements; (ii) union/labor agreements; (iii) long-term contracts with suppliers; (iv) long-term contracts with key customers; (v) acquisition financing with existing and new lenders; (vi) real and personal property leases; and (vii) transition service agreements.

In many cases, Resilience identifies key executives and builds a new management team to run the portfolio company from the day of purchase. During this phase, Resilience usually identifies advisors with industry and subject matter expertise and to populate a new board of directors. Together with management and advisors, the transaction and operation teams formulate a restructuring plan.

By buying pursuant to Section 363 of the Bankruptcy Code through a "Bankruptcy Sale," or Article 9 of the UCC through a "Secured Party Sale," Resilience is able to acquire assets free and clear of all liabilities of the selling entity except for select obligations specifically assumed as part of the sale.

Turnaround. The core of Resilience's business model lies in the creation of sustainable economic value inside our portfolio companies by turning distressed companies into profitable ones with significant growth prospects.

Resilience collaborates closely with its portfolio company management teams to restructure the operations and finance portfolio companies. This approach potentially includes changes in business strategy, product and manufacturing facility rationalization, process improvement, a shift in sales and marketing focus, workforce expansion or reduction and capital restructuring. Resilience applies a full set of management tools to its turnaround approach, including: (i) lean manufacturing (process flow optimization, waste elimination, inventory reduction, just-in-time delivery); best-practice benchmarking and adaptation; (ii) downsized or outsourced manufacturing; (iii) plant consolidation and rationalization, sale of unused equipment; (iv) new technologies and IT systems; (v) reduction of hourly headcount, labor cost, over-time; (vi) quality training and hiring of specifically skilled workforce; (vii) overhead reduction; (viii) sales force restructuring, strategic sales controlling; (ix) new product strategy (innovation, broadening of spectrum, termination of unprofitable products); (x) new customer strategy (segmentation, profitability re-evaluation, new client segments, termination of unprofitable segments, expansion into adjacent markets); (xi) add-on acquisitions; (xii) consolidation and re-financing of debt; (xiii) working capital management; and (xiv) benchmarking versus industry participants.

Since the strengths, weaknesses, opportunities and threats of each investment are unique, turnaround strategies and goals will vary among the investments in a Resilience Fund's portfolio. While some companies may have to expand their production to reach a profitable scale, others may have to shrink their operations upon declining demand. In some cases, new products need to be added to become competitive, while in other cases product discontinuation and a renewed focus on one or a few products is vital to a portfolio company's future.

During the first year under a Resilience Fund's ownership, a portfolio company's revenues often decrease as management refocuses the business, which typically includes downsizing until the company operates in its healthy core. At the same time, profitability is usually restored or increases significantly, because all unprofitable parts of the business are eliminated in the restructuring process.

Exit Strategy. Resilience engages in a comprehensive strategy to buy, restructure and sell portfolio companies. The Resilience Funds seek to sell their portfolio companies on advantageous terms, while balancing the goals of maximizing returns and providing liquidity to its Limited Partners. This requires extensive planning beginning before a company is originally acquired by a Resilience Fund. The evaluation of potential exit scenarios, including the analysis of comparable transactions in the respective industry, is therefore part of Resilience's due diligence process.

Resilience prefers to invest in companies that Resilience believes have the potential to offer multiple exit scenarios, including the: (i) sale of equity holdings to a strategic or financial buyer; (ii) sale of assets to a strategic or financial buyer; (iii) break-up into separate entities to be sold separately; (iv) add-on acquisition and sale of the consolidated entity; (v) recapitalization; (vi) company buyback; and (vii) management buyout.

Club Deals. The private equity industry has seen a notable increase in the popularity of club deals, or consortium deals in which a group of private equity firms pool their assets for an acquisition. In certain situations, significant advantages exist to forming a consortium. Club

deals offer investors the opportunity to consider sizable transactions that may otherwise be prohibitive due to cost and risk factors. By joining forces with other private equity funds or investors, participants often benefit from the industry expertise and professional relationship networks of fellow club members. Investing alongside a consortium may also limit a firm's overall exposure to a particular industry sector.

In the past, Resilience has partnered with participants from its wide network of professional contacts. The Resilience Funds will continue to consider club deal opportunities with other funds or investor groups. Resilience views club transactions favorably as an opportunity to participate in larger acquisitions and to build strong management teams by drawing on a shared pool of expertise and contacts.

Risks of Investment

The Resilience Funds and their Limited Partners bear the risk of loss that its investment strategy entails. The risks involved with this investment strategy and an investment in a Resilience Fund include, but are not limited to:

Long-Term Nature of Investment; No Assurance of Investment Return. Resilience's task of identifying and negotiating investment opportunities, managing such investments and realizing a return for Limited Partners is typically a long, time-consuming process with no certainty of return of investment. There will likely be little if any near-term cash flow available to Limited Partners, and there is no assurance that the Resilience Funds will be able to invest its capital on attractive terms, generate returns for its Limited Partners or return the capital contributed by them.

Dependence on Key Personnel. The success of the Resilience Funds will be highly dependent on the financial and managerial expertise of the Managing Partners and other individuals employed by Resilience and its affiliates. Limited Partners will be relying entirely on such persons to manage the business of the Resilience Funds. There can be no assurance that the Managing Partners or Resilience's other key investment professionals will continue to be associated with or employed by Resilience or its affiliates throughout the life of the Resilience Funds. The loss of one or more of these individuals could have a material adverse effect on the performance of the Resilience Funds.

Relation of Previous Investment Programs. The investment results of the Resilience Funds are not indicative of a Resilience Fund's future investment results. The nature of and risk associated with a Resilience Fund's future investments may differ substantially from those investments and strategies undertaken historically by any prior Resilience Funds or any other person described herein. Past performance is no guarantee of future performance. There can be no assurance that a Resilience Fund's investments will perform as well as the prior Resilience Funds or any other person described herein or that a Resilience Fund will be able to avoid losses.

Difficulty of Locating Suitable Investments; Competitive Marketplace. The success of the Resilience Funds will depend on Resilience's and the relevant General Partner's ability to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio companies on terms favorable to the Resilience

Funds. Resilience employs personnel to identify attractive investment opportunities suitable for the Resilience Funds. Although in the past, these professionals have found investment opportunities to meet the investment objectives of the Resilience Funds, there can be no assurances that there will be or that these professionals will find a sufficient number of suitable investment opportunities to enable the Resilience Funds to invest all of its committed capital in opportunities that satisfy a Resilience Fund's investment objectives, or that such investment opportunities will lead to completed investments by the Resilience Funds. There can be no assurances that, once Resilience identifies an investment opportunity, the seller will select Resilience to acquire their company. Further, even if Resilience is selected, there can be no assurances that the company will still be deemed an appropriate investment opportunity for the Resilience Fund after due diligence is completed.

Nature and Illiquidity of Resilience Fund Investments. Almost all of the Resilience Funds' investments will be highly illiquid, and there can be no assurances that the Resilience Funds will be able to realize a positive return on such investments. The illiquidity of the Resilience Funds' investments is the result of several factors, including but not limited to the following. First, the Resilience Funds generally invest in illiquid securities of privately held companies. The Resilience Funds often seek to generate returns by selling these securities in a private sale to a strategic buyer or to another private equity firm. There can be no assurances that the Resilience Funds will be able to complete sales of portfolio company securities at attractive prices and otherwise on terms and conditions acceptable to Resilience. Second, the Resilience Funds may also attempt to sell portfolio company securities in a public offering. Resilience anticipates that any such public offering of securities would require a substantial investment of time and attention by the Managing Partners and other key investment professionals and a substantial cash expense by the portfolio company whose securities are being registered, in part because the laws of the U.S. and the regulations of applicable securities exchanges, can be quite burdensome and complex. There can be no assurances a market for the securities of any company held by the Resilience Funds would exist even following a public offering. Third, the cultivation of an investment for disposition, together with the disposition itself, may involve a substantial amount of time. Even when an investment is successfully disposed, some of the consideration may be deferred through the use of lock ups, earn-outs, promissory notes, escrows, holdbacks and other similar arrangements.

A substantial portion of the Resilience Funds' investments are and will continue to be in equity or equity-related investments which, by their nature, involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that can result in substantial loss of principal. There can be no assurance that the Managing Partners and other key investment professionals will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. A variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Resilience Funds' activities. As a result, the Resilience Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods or over the life of the Resilience Funds.

Investing in Distressed Companies. A majority of the Resilience Funds' investments may involve turnaround or under-performing companies or companies identified by Resilience

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

Nature of Bankruptcy Proceedings. There are a number of significant risks when investing in companies involved in bankruptcy proceedings. Many events in a bankruptcy are the product of contested matters and adversary proceedings that are beyond the control of the parties. A bankruptcy filing may have adverse and permanent effects on a company. For instance, the company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. In addition, the duration of a bankruptcy proceeding is difficult to predict; there may be delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court.

Current Market Conditions. General economic and other market conditions in the United States or elsewhere in the world, including interest rates, the availability of financing, the price of securities and participation by other investors in the financial markets, may affect the Resilience Funds' activities, including the value and number of investments made by the Resilience Funds. Moreover, the securities of the Resilience Funds' portfolio companies could be adversely affected by changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or specific developments within such companies or interest rate movements. The Resilience Funds generally invest in equity securities, which will be among the more junior securities in a portfolio company's capital structure, and, thus, may be subject to greater risk of loss.

Leverage. The Resilience Funds generally use leverage when making investments in portfolio companies. In addition, the Resilience Funds may increase the leverage of a portfolio company by using promissory notes or other indebtedness issued by the portfolio company as part of the purchase consideration. Although Resilience seeks to use leverage on behalf of the Resilience Funds in a manner that the Managing Partners believe is prudent, the leveraged capital structure of the Resilience Funds' portfolio companies will increase the exposure of those companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry. Because the securities in which the Resilience Funds invest will likely be among the most junior in a portfolio company's capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of principal in the Resilience Funds' investment. Leverage generally magnifies both such fund's opportunities for gain and its risk of loss from a particular investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the

burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency.

To the extent a Resilience Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Resilience Fund. As a result, the Resilience Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Resilience Fund's investment limitations, certain of which exclude bridge financing investments.

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

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

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

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

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

Need for Additional Capital, Support Equity and Add-on Acquisitions. A Resilience Fund may be called upon by the Managing Partners to provide follow-on funding for its portfolio companies for support equity or to finance add-on acquisitions. There can be no assurance that such Resilience Fund will have sufficient funds to do so. Any decision by the Managing Partners not to invest additional capital, or a Resilience Fund's inability to invest additional capital, may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a Resilience Fund's ability to influence the portfolio company's future development.

Portfolio Concentration. Although, in general, no more than 20% of the Commitments will be invested in any one portfolio company (including add-on acquisitions), a Resilience Fund's portfolio may include a small number of large positions. While this portfolio concentration may enhance total returns to the Limited Partners, if any large position has a material loss, then returns to the Partners may be lower than if they had invested in a more diversified portfolio.

General Business Risks. The investment results of a Resilience Fund will depend on the performance of its portfolio companies. These portfolio companies could pursue incorrect business strategies or encounter operating difficulties that could lead to losses in a Resilience Fund's investments.

Unspecified Use of Proceeds. The Resilience Funds have not identified all of the investments it will make. Purchasers of a Resilience Fund's limited partnership interests will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by a Resilience Fund and, accordingly, will be dependent upon the judgment and ability of Resilience and the Managing Partners in investing and managing the capital of a Resilience Fund. No assurance can be given that any Resilience Fund will be successful in obtaining suitable investments, or that if such investments are made, the objectives of any Resilience Fund will be achieved.

Diverse Limited Partner Group. The Limited Partners of the Resilience Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such Limited Partners may have conflicting investment, tax and other interests with respect to their investments in a Resilience Fund. The conflicting interests of

individual Limited Partners may relate to or arise from, among other things, the nature of investments made by such Resilience Fund, the structuring of the acquisition of investments and the timing of the disposition of investments and the various tax laws applicable to various Limited Partners. As a consequence, conflicts of interest may arise in connection with decisions made by Resilience, a General Partner, including with respect to the nature or structuring of investments, that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to Limited Partners' individual tax situations. Subject to the applicable Governing Documents, Resilience will generally consider the investment and tax objectives of the Resilience Funds and the Limited Partners as a whole in making investments, and will use reasonable best efforts to structure portfolio investments in non-U.S. companies in as tax-efficient a manner as possible.

Contingent Liabilities on Disposition. In connection with the disposition of an investment, the Resilience Funds will be required to make representations about the business and financial affairs of the portfolio companies being sold. The Resilience Funds also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements will expose the Resilience Funds to contingent liabilities that ultimately might yield funding obligations that must be satisfied by the Limited Partners to the extent required by the Governing Documents.

Difficulty Making Dispositions. Because certain of the Resilience Funds' investments may be highly illiquid, the Resilience Funds may experience difficulty in disposing of certain of its investments at opportune times or valuations, or at all.

Distributions in Kind. Although, under normal circumstances, the Resilience Funds intend to make distributions in cash, it is possible that under certain limited circumstances (including the liquidation of a Resilience Fund), distributions may be made in kind and could consist of securities for which there is no readily available public market or securities of entities unable to meet required interest or sinking fund payments.

Indemnification. Resilience, the General Partners, the members of the Resilience Funds' respective executive and investor committees, and their respective members, partners, officers, directors, shareholders, employees, advisors, agents, affiliates, and personnel, will be entitled to indemnification out of the applicable Resilience Fund's assets, except in certain limited circumstances. The assets of such Resilience Fund will be available to satisfy these indemnification obligations and Limited Partners may be required to make capital contributions and return distributions to satisfy such obligations. Such obligations will survive the dissolution of the applicable Resilience Fund.

Lack of Unilateral Control. Even if a Resilience Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the relevant Resilience Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the relevant Resilience Fund(s) or their limited partners. Such third parties may be in a position to

take action contrary to the relevant Resilience Fund's business, tax or other interests, and such Resilience Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Resilience Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Resilience Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

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

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Resilience Management or the Resilience Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Resilience Fund's acquisition of a portfolio company may preclude other Resilience Funds from making an attractive acquisition or require one or more other Resilience Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Resilience Fund may be adversely affected because of Resilience Management's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Resilience Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Resilience Management or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Resilience Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Resilience Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Resilience Fund's investments because, among other things, the securities of portfolio companies held by such Resilience Fund generally will be illiquid and not quoted on

any exchange. Each General Partner will determine the value of all the relevant Resilience Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Resilience Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Resilience or one of its service providers holding its financial or investor data, Resilience, its affiliates or the Resilience Funds may also be at risk of loss.

Conflicts of Interest

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

From time to time, Resilience or a General Partner will be presented with investment opportunities that would be suitable not only for the applicable Resilience Fund, but also for other private investment funds and other investment vehicles operated by advisory affiliates of Resilience. In determining which investment vehicles should participate in such investment opportunities, Resilience and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Governing Documents,

Resilience Management is not obligated to recommend any instrument to any particular investment vehicle. Resilience attempts to resolve such conflicts of interest in light of its obligations to investors in such Resilience Fund and the obligations owed by Resilience's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such Resilience Fund, other Resilience Funds and such investment vehicles in a fair and equitable manner. Where necessary, the General Partners consult and receive consent to conflicts from an advisory committee consisting of Limited Partners of the applicable Resilience Fund and such other investment vehicles.

The Managing Partners intend to devote substantially all of their time and attention to the management of the Resilience Funds. However, the Managing Partners and their affiliates are also responsible for managing certain other investment funds and may in the future organize, sponsor, manage and operate additional investment funds (subject to the limitations described in the Governing Documents). The Managing Partners will also be permitted to pursue certain other business activities outside the Resilience Funds. Nothing contained in the Governing Documents will restrict or prohibit the Managing Partners, Resilience, the General Partners or their respective affiliates in this regard.

The generation of performance-based "carried interest" by a Resilience Fund on behalf of a General Partner may create an incentive for such General Partner or Resilience to cause such Resilience Fund to make riskier or more speculative investments than would be the case in the absence of this arrangement. In addition, the existence of "carried interest" may create conflicts of interest with respect to the management and disposition of investments, including the timing of dispositions. Since Resilience is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Resilience Fund investments, it could have a conflict of interest in connection with approving certain transactions and setting such compensation. Additionally, Resilience Management, its personnel, affiliates or others designated by Resilience Management expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the relevant Governing Documents are applied (typically based on the then-present value of such securities), Resilience Management and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Resilience Management) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Resilience Fund.

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

Conflicts may arise when a Resilience Fund makes investments in conjunction with an investment being made by another Resilience Fund, or if it were to invest in the securities of a

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

Subject to any relevant restrictions or other limitations contained in the Governing Documents of the Resilience Funds, Resilience will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Resilience may be faced with a variety of potential conflicts of interest.

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

Resilience, the General Partners or their affiliates may receive certain fees from portfolio companies and/or in connection with consummated and unconsummated transactions (*i.e.*, topping, break-up, commitment, monitoring, financial advisory, director's and other fees). If received, only a portion of these fees will be for the benefit of the Limited Partners. As a result of the Resilience Funds' controlling interests in portfolio companies, Resilience and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Resilience and/or its affiliates. Except to the extent such amounts are subject to the relevant Governing Documents' offset provisions, they will be in addition to Management Fees or carried interest paid by a Resilience Fund to Resilience.

Additionally, a portfolio company typically will reimburse Resilience or service providers retained at Resilience's discretion for expenses (including without limitation travel expenses) incurred by Resilience or such service providers in connection with its performance of services for such portfolio company. This subjects Resilience and its affiliates to conflicts of interest because the Resilience Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Resilience determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Resilience Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Resilience or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

Resilience generally exercises its discretion to recommend to a Resilience Fund or to a portfolio company thereof that it contract for services with (i) Resilience or a related person of Resilience (which may include a portfolio company of such Resilience Fund or another Resilience Fund), (ii) an entity with which Resilience or its affiliates or current or former members of their personnel has a relationship or from which Resilience or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain Limited Partners or their affiliates. For example, Resilience may be presented with opportunities to receive financing and/or other services in connection with a Resilience Fund's investments from certain Limited Partners or their affiliates that are engaged in lending or related business. This discretion subjects Resilience to conflicts of interest, because although Resilience selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Resilience Fund, Resilience may have an incentive to recommend the related or other person (including a Limited Partner) because of its financial (*e.g.*, through fees, commissions, servicing payments or other compensation) or other business interest. There is a possibility that Resilience, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Resilience Funds or Resilience and whether the use of such persons maintains goodwill between Resilience Management and its former, existing and prospective portfolio companies), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Resilience has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. Discounted prices or better terms offered by a portfolio company to Resilience Management, any other portfolio company or third parties may affect the returns of the portfolio company.

Although Resilience generally structures Resilience Funds to avoid cross-guarantees and other circumstances in which one Resilience Fund bears liability for all or part of the obligations of another Resilience Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Resilience Fund entities, which may result in a single Resilience Fund being solely liable for other Resilience Funds' share of the relevant obligation and/or joint

and several liability among Resilience Funds. In each such case, Resilience intends to cause the relevant other Resilience Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Resilience Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Resilience and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Resilience Funds or other investment vehicles advised by Resilience and/or its affiliates; conversely, former personnel or executives of Resilience and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Resilience. Additionally, Resilience, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or , service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) engage in transactions with and/or provide services (including services at reduced rates) to, Resilience and/or its affiliates, and/or the Resilience Funds or other investment vehicles they advise. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by Resilience and/or its affiliates that may regularly provide services to one or more Resilience Fund portfolio companies), and such fees will not offset the Management Fee as described herein. Any of these situations subjects Resilience and/or its affiliates to potential conflicts of interest.

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

providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

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

Resilience and/or its affiliates may enter into side letters with certain investors in a Resilience Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects Resilience and/or its affiliates to potential conflicts of interest. Resilience attempts to resolve such conflicts of interest in light of its obligations to investors in its Resilience Funds and the obligations owed by Resilience's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Resilience Fund, other Resilience Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Resilience will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Resilience consults and receives consent to conflicts from an advisory committee consisting of Limited Partners of the relevant Resilience Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

Except as described below, Resilience and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

On June 29, 2017, without admitting or denying the findings, Resilience Management and Bassem Mansour, its co-CEO ("**Mansour**"), consented to the entry of an order to cease and desist from committing or causing any violations and any future violations of Sections 204, 206(2) and 206(4) of the Advisers Act and Rules 204-2, 206(4)-7 and 206(4)-8 promulgated thereunder (the "**Order**"). According to the Order, from at least September 2010 to August 2013, Resilience Management and Mansour engaged in certain borrowing and general partner capital contribution practices that were not authorized under the applicable Resilience Funds' operating documents and were not adequately disclosed to applicable Resilience Fund investors. The Order also found that: misleading statements were made in certain of the Resilience Funds' capital call notices, Governing Documents and audited financial statements; Resilience Management failed to maintain accurate books and records; and Resilience Management's written compliance policies and procedures were inadequate with regard to the foregoing. Resilience Management and Mansour agreed as part of the settlement to comply with certain undertakings as prescribed in the Order for three years following the entry of the Order. Resilience Management and

Mansour also agreed to pay civil monetary penalties of \$250,000 and \$500,000 to the SEC, respectively.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Resilience is affiliated with other Resilience investment advisers registered with the SEC under the Advisers Act pursuant to Resilience's registration in accordance with SEC guidance. These advisers are RCP I, RCP II, RCP IIA, RCP II FO, RCP III, and RCP IV. Resilience provides advisory services to the General Partners and other Resilience entities under a master advisory agreement. These affiliated investment advisers operate as a single advisory business together with Resilience and serve as managers or general partners of private investment funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

Resilience has adopted the Resilience Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Resilience principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Resilience personnel to report their personal securities transactions, prohibits or requires pre-clearance for Resilience personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Resilience personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from one of the Resilience Co-Chief Compliance Officers. A copy of the Code will be provided to any investor or prospective investor upon request to Christopher Clair or Chad Hesse, the Resilience Co-Chief Compliance Officers, at (216) 292-0200. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

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

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

Principals and employees of Resilience and its affiliates may directly or indirectly own an interest in the Resilience Funds or certain co-investment vehicles, as well as in investment vehicles (including private funds) sponsored by potential competitors. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Resilience Funds.

The Resilience Funds may invest together with other private investment funds advised by an affiliated adviser of Resilience in the manner set forth in the Governing Documents. Resilience will determine the allocation of investment opportunity in a manner that it believes is fair and equitable to its clients consistent with Resilience's obligations and may take into consideration factors such as the following: the client's investment restrictions and objectives (including those set forth in the relevant client's governing documents, where applicable); strategy; risk profile; time horizon; tax sensitivity; tolerance for turnover; asset composition and cash level; and applicable regulatory restrictions.

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

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

BROKERAGE PRACTICES

Resilience focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Resilience may also distribute securities to Limited Partners in the Resilience Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Resilience does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

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

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

Consistent with Resilience seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Resilience generally does not make use of such services at the current time and has not made use of such services since its inception.

To the extent that Resilience allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its private investment funds’ interest in receiving most favorable execution.

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

REVIEW OF ACCOUNTS

The investments made by the Resilience Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Resilience closely monitors companies in which a Resilience Fund invests, and the Resilience Co-Chief Compliance Officers periodically check to confirm that each Resilience Fund is maintained in accordance with its stated objectives.

Each Resilience Fund will provide to its Limited Partner (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) annual and quarterly reports providing a narrative summary of the status of each portfolio company.

CLIENT REFERRALS AND OTHER COMPENSATION

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

From time to time, Resilience may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Limited Partner in a Resilience Fund. Any fees payable to any such placement agents will be borne by Resilience indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Resilience Fund(s). Resilience currently has retained Griffin Financial Group, LLC, a placement agent, to solicit Commitments from investors in exchange for a percentage of the relevant amount committed, in addition to the reimbursement of certain such expenses.

CUSTODY

Resilience, in connection with its management of the Resilience Funds, is deemed to have custody of the assets of the Resilience Funds.

Resilience maintains custody of each Resilience Fund's assets held in such Resilience Fund's name with the following qualified custodians: Merrill, Lynch, Pierce, Fenner & Smith Inc., located at 600 California Street, 8th Floor, San Francisco, California 94108; and The Private Bank, 120 LaSalle Street, Chicago, IL 60603.

The Resilience Funds are subject to an annual audit performed by a PCAOB-registered public accounting firm, and the audited financial statements are to be distributed to the investors within 120 days of the Fiscal year end.

INVESTMENT DISCRETION

Resilience has discretionary authority to manage investments on behalf of each Resilience Fund. Resilience assumes this discretionary authority pursuant to the terms of the applicable Governing Documents. As a general policy, Resilience does not allow clients to place limitations on this authority. Pursuant to the terms of the applicable Governing Documents, however, Resilience may enter into “side letter” arrangements with certain Limited Partners whereby the terms applicable to such Limited Partner’s investment in a Resilience Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

VOTING CLIENT SECURITIES

Resilience has adopted the Resilience Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Resilience Funds’ portfolio companies. The Proxy Policy seeks to ensure that Resilience votes proxies (or similar instruments) in the best interest of the Resilience Funds, including where there may be material conflicts of interest in voting proxies. Resilience generally believes its interests are aligned with those of the Resilience Funds’ investors through the principals’ beneficial ownership interests in such Resilience Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Resilience may address the conflict using several alternatives, including by seeking the approval or concurrence of such Resilience Fund’s investor committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, such Resilience Fund’s advisory board may approve Resilience’s vote in a particular solicitation. Resilience does not consider service on portfolio company boards by Resilience personnel or Resilience’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Resilience when voting proxies on behalf of such Resilience Fund. Client or investors that would like a copy of Resilience’s complete Proxy Policy or information regarding how Resilience voted proxies for particular portfolio companies, please contact Christopher Clair or Chad Hesse, the Resilience Co-Chief Compliance Officers, at (216) 292-0200, and it will be provided at no charge.

FINANCIAL INFORMATION

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