

Snow Phipps Group, LLC

Part 2A of Form ADV

The Brochure

667 Madison Avenue, 18th Floor
New York, NY 10065
(212) 508-3300
www.snowphipps.com

March 28, 2019

This brochure provides information about the qualifications and business practices of Snow Phipps Group, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 508-3300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Snow Phipps is also available on the SEC's website at: www.adviserinfo.sec.gov.

We refer to ourselves as a “registered investment adviser.” Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to the brochure since Snow Phipps Group LLC's last update, which was filed on March 27, 2018. However Snow Phipps Group LLC has made some routine updates and clarifying changes to the brochure.

Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	4
Item 6	Performance Based Fees and Side-by-Side Management.....	7
Item 7	Types of Clients.....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9	Disciplinary Information	13
Item 10	Other Financial Industry Activities and Affiliations.....	13
Item 12	Brokerage Practices.....	16
Item 13	Review of Accounts	16
Item 14	Client Referrals and Other Compensation.....	17
Item 15	Custody.....	17
Item 16	Investment Discretion.....	17
Item 17	Voting Client Securities	18
Item 18	Financial Information	18
Item 19	Requirements for State-registered Advisers.....	18

Item 4 Advisory Business

Snow Phipps Group, LLC (“Snow Phipps”, the “Firm”, “us”, “we,” and “our”) is a limited liability company formed under the laws of the state of Delaware. Snow Phipps is co-owned by its founding members, majority owner Mr. Ian Snow, the Chief Executive Officer (the “CEO”), and Mr. Ogden Phipps, an Investment Partner (as defined below), as the sole minority owner. Snow Phipps commenced operations in April 2005.

We provide discretionary investment advice to three private equity funds, Snow Phipps Group, L.P. and its parallel investment vehicles (“SPG, LP”), Snow Phipps II, L.P. (“SPII”), and Snow Phipps III, L.P. (“SPIII”) and their related alternative investment vehicles and special purpose vehicles (collectively the “Funds” or “Clients”). The Funds seek significant long-term capital appreciation through private investments in middle-market companies utilizing an investment strategy that leverages the experience of senior operating executives. SPG GP, LLC is the general partner of SPG, LP, Snow Phipps GP II, LLC is the general partner of SPII, and Snow Phipps GP III, LLC is the general partner of SPIII (collectively, the “General Partners”).

Snow Phipps primarily targets companies for investment that are located in North America. Such companies generally have enterprise values ranging from \$100 million to \$500 million that require equity investments between \$50 million and \$150 million. We have occasionally led smaller and larger transactions, up to \$525 million of equity capital, with certain limited partners as co-investors. We generally focus on investments to obtain controlling positions in companies, which are achieved using leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

Assets Under Management

As of December 31, 2018, Snow Phipps had \$1.9 billion of Client assets under management on a discretionary basis. This includes the committed capital that may be called by the Funds from their respective limited partners. We do not manage Client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Snow Phipps, and/or its affiliates, receive compensation from annual management fees and may receive certain other fees related to transactions, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors’ fees (which may include options and warrants) and/or monitoring fees from portfolio companies.

Management Fees

We currently receive an investment management fee (the “Management Fee”) from the Funds. The Management Fee payable by each Fund for an annual period are payable in two equal semi-annual installments, on each of January 15 and July 15 for the respective semi-annual periods beginning on January 1 and July 1. The Management Fee payable by SPG, LP during its commitment period was 2.0% per annum of aggregate commitments and after the commitment period, the Management Fee payable by SPG, LP is 2.0% per annum of funded commitments with

respect to investments that have not been subject to a disposition. The Management Fee payable by SPII during the commitment period was the sum of 1.85% per annum of commitments with respect to each limited partner with a commitment of \$100 million or greater and 2% per annum of commitments with respect to each other limited partner. Thereafter, the Management Fee of SPII was reduced to 1.35% per annum of funded commitments with respect to investments that have not been subject to a disposition with respect to each limited partner with a commitment of \$100 million or greater and 1.5% of funded commitments with respect to investments that have not been subject to a disposition with respect to each other limited partner. The Management Fee payable by SPIII equals the sum of (i) with respect to each limited partner with a commitment of (a) \$150 million or greater but less than \$200 million or (b) \$100 million or greater but less than \$150 million that was admitted to SPIII as of its initial closing, 1.75% per annum of commitments with respect to such limited partner during the commitment period and thereafter, 1.35% per annum of funded commitments with respect to investments that have not been subject to a disposition, (ii) with respect to each limited partner with a commitment of \$200 million or greater, 1.75% per annum of commitments with respect to such limited partner during the commitment period and thereafter, 1.20% per annum of funded commitments with respect to investments that have not been subject to a disposition and (iii) with respect to each other limited partner, during the commitment period, 2.0% per annum of commitments with respect to such limited partner and thereafter, 1.5% per annum of funded commitments with respect to investments that have not been subject to a disposition.

Other Fees

Snow Phipps and its affiliates may receive transaction, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors' fees (which may include options and warrants) and/or monitoring fees from portfolio companies. However, any directors' fees and monitoring fees, net of related expenses, are credited 100% against the Management Fee for each Fund. Any transaction, break-up, advisory or other fees, net of expenses, are credited 65% against the Management Fee for SPG, LP and 100% against the Management Fee for each of SPII and SPIII. All fee offsets are allocated between any parallel investment vehicles and co-investors participating in the transactions or proposed transaction that gave rise to such fees on the basis of capital invested or proposed to be invested. Snow Phipps bears the economic burden of all placement fees through an offset against the Management Fee.

If the Management Fee payable by a Fund is reduced to zero as a result of our receipt of such other fees (or because the Management Fee is no longer payable), we will refund the excess for the benefit of such Fund's limited partners.

In addition to Snow Phipps' Management Fees, each Fund will typically pay all costs and expenses relating to its operations. The expenses for each Fund will be further described in the governing documents for each respective Fund. Expenses will generally include, but are not limited to, the following:

(a) legal, auditing, consulting, fund administration and accounting fees and expenses (including costs and expenses of preparing and circulating reports to partners of such Fund, financial statements, tax returns and K-1s and any software or online data portal used in connection with such reporting); (b) investment banking, underwriting, research and expert network fees and

expenses; (c) expenses of meetings of the limited partners of such Fund; (d) expenses and costs of the members of the limited partner advisory committee of such Fund (including those fees and expenses with respect to independent legal counsel retained in accordance with such Fund's governing document); (e) indemnification and insurance expenses and the costs and expenses of any litigation or other extraordinary events involving such Fund and the amount of any judgments or settlements paid in connection therewith; (f) all expenses incurred in connection with the identifying, evaluating, structuring, negotiating, making, monitoring, sale, proposed sale, other disposition or valuation of proposed or actual investments of such Fund (including, but not limited to, business development, due diligence, research, travel and lodging, and entertainment expenses related to the identification, development and management of portfolio companies and prospective portfolio companies); (g) all expenses relating to the formation and maintenance of any alternative investment vehicle or feeder vehicle; (h) interest on and fees and expenses arising out of all permitted borrowings made by such Fund and all expenses incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing or guarantee permitted to be incurred by such Fund's governing document; (i) all expenses relating to unconsummated transactions (including break-up fees paid by such Fund in connection therewith and such fees and expenses related to unconsummated co-investments); (j) all expenses of liquidating such Fund; (k) any domestic or foreign taxes, fees or other governmental charges levied against such Fund that are not allocable to a limited partner of such Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund that are not subject to indemnification by a limited partner of such Fund and all expenses incurred by such Fund's general partner in its capacity as such Fund's "tax matters partner" (as defined under the Internal Revenue Code of 1986, as amended) or a similar role under applicable foreign, state or local tax law; (l) communication expenses; (m) expenses incidental to the transfer, servicing and accounting for such Fund's cash and securities, including all charges of depositories and custodians; (n) expenses and costs in connection with government and regulatory filings (including, for example, those relating to the Alternative Fund Managers Directive but excluding Form ADV and Form PF); (o) expenses relating to a defaulting limited partner of such Fund; (p) expenses incurred in connection with any restructuring or amendments to the constituent documents of such Fund and related entities (excluding any restructuring or amendment (i) solely to address a change in tax treatment related to carried interest distributions or (ii) that solely benefits the general partner of such Fund, the Firm, Ian K. Snow as the "Principal" of such Fund or any of their respective affiliates or employees, which in each case shall be an expense of the general partner of such Fund or the Firm) and (q) expenses incurred in connection with distributions to partners of such Fund.

As part of its strategy, Snow Phipps has entered and will enter into certain strategic relationships with experienced senior industry executives ("Operating Partners") to provide certain services in connection with sourcing investments, due diligence and/or providing operating management to portfolio companies. While not employees of Snow Phipps, Operating Partners have historically been formal and exclusive engagements. Operating Partners are entitled to receive cash and/or non-cash (e.g., equity) consideration for their services from the applicable portfolio companies, which consideration does not offset the Management Fee.

Neither we nor any of our "supervised persons" accepts compensation for the sale of securities or other investment products.

Item 6 Performance Based Fees and Side-by-Side Management

Carried interest is a share of the net profits realized on the disposition of investments that is paid to the Funds' General Partners as an incentive to maximize performance of the Funds. The carried interest percentage is negotiated at the time each Fund is formed and shall be calculated and distributed in accordance with the specific provisions outlined in each Fund's limited partnership agreement. The fact that a significant portion of Snow Phipps' compensation is directly computed on the basis of profits generated by the sale/disposition of Fund assets may create an incentive for Snow Phipps to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. The existence of a capital commitment by each General Partner to the Funds may reduce this incentive. Additionally, each General Partner is subject to a "clawback" of carried interest previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable to such General Partner by such Fund as carried interest, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will a General Partner of a Fund be required to restore more than the cumulative distributions received by such General Partner as carried interest on an after-tax basis.

Item 7 Types of Clients

We provide discretionary investment management services to the Funds. The eligibility and suitability requirements for each Fund are described in the applicable private placement memoranda, limited partnership agreement, and subscription agreements. The Funds only admit sophisticated investors that are "accredited investors," as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, and "qualified purchasers" (or "knowledgeable employees"), as defined in the Investment Company Act and the rules thereunder.

Snow Phipps and the General Partners, on behalf of the Funds, are expected from time to time to enter into agreements ("Side Letters") with certain limited partners which provide such limited partners with additional or different rights than such limited partners have pursuant to the Fund offering documents. As a result of such Side Letters, certain limited partners will receive additional rights (which may include expanded informational rights or preferential economic terms) which other limited partners will not receive. Snow Phipps and the General Partners will not be required to notify all limited partners of any such Side Letters or any of the rights or terms or provisions thereof, and will not be required to offer such additional or different rights or terms to all limited partners.

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

Each Fund's investment objective is to achieve significant, long-term capital appreciation primarily through middle-market (i.e., companies with enterprise values generally ranging from \$100 million to \$500 million) investments in companies in which such Fund will generally have significant influence on the management, operations and strategic direction of the business. Each

Fund targets investments ranging in size from \$50 million to \$150 million, although investments may also be made outside of this range. For certain larger transactions, a Fund may seek co-investment partners. The Funds' investments are primarily in the form of controlling positions in companies achieved through leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

Snow Phipps employs an active, "hands-on" investment strategy to enhance the long-term value of its portfolio companies. We draw upon the financial expertise and professional networks of the five investment partners (the "Investment Partners", together with our other investment professionals, the "Investment Professionals") to source, value and structure proprietary investments. In addition, Snow Phipps utilizes Operating Partners to enhance Snow Phipps' ability to identify, conduct diligence and execute investments, as well as create significant value post acquisition. Such strategy enables us to source incremental transactions through industry contacts, execute more complete due diligence processes, access industry and operational information readily and collectively develop thoughtful and thorough strategic plans prior to committing capital to portfolio companies.

Snow Phipps seeks to identify attractive sectors or sub-sectors for small to middle-market investment opportunities, particularly those that exhibit many or all of the following characteristics: (i) clear and sustainable secular growth; (ii) high barriers to competitive entry and/or restrained capital expenditure and working capital growth needs; (iii) attractive returns on assets; (iv) opportunities for niche market dominance; and (v) existence of structural changes that create investment opportunities and/or substantially improve industry economics. Additionally, we seek fragmented sectors that may provide opportunities to invest in under-managed and/or undervalued market-leading companies and improve the financial performance and strategic positioning of such companies to achieve premium valuations upon exit.

Risk Factors

Investing involves the risk of loss that limited partners in a Fund should be prepared to bear. The discussion below of risks associated with an investment in the Funds does not purport to be an exhaustive list of all such risks. Please see the Confidential Private Placement Memoranda of the Funds for a more detailed discussion of risks.

Nature of Investments. The Funds' investments are expected to include portfolio companies in which the capital structure includes significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing on attractive portfolio investments is highly competitive and involves a high degree of uncertainty, especially with respect to timing. There can be no assurance that we will be able to identify and complete portfolio investments which satisfy the Funds' investment objective, or realize the value of such portfolio investments, or that the Funds' will be able to invest fully their commitments. The availability of investment opportunities will be subject to market conditions, the prevailing regulatory conditions or the political climate in industries and regions in which the Funds may invest and other factors outside the control of the Funds.

General Economic Conditions. General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of portfolio investments made by the Funds or considered for prospective investment. The Funds' portfolio investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of the Funds' portfolio investments. No assurances can be given as to the effect of these events on the Funds' investment objectives.

Geopolitical Risks and Force Majeure. An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular portfolio investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on the Funds' returns. No assurance can be given as to the effect of these events on the value of or markets for portfolio investments.

Illiquid and Long-Term Investments. Although a portfolio investment may generate current income, the return of capital and the realization of gains, if any, from a portfolio investment generally will most likely occur only upon the partial or complete disposition of such portfolio investment. While portfolio investments may be sold at any time, it is generally expected that the disposition of most of a Fund's portfolio investments will not occur for a number of years after such portfolio investments are made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition, and such securities may require a substantial length of time to liquidate. The Funds generally will not be able to sell the securities they hold of any portfolio investment publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited or limited by contract from selling certain securities for a period of time, and as a result, may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so.

Leverage. The Funds may borrow for the purpose of short-term financing, to cover shortfalls of capital contributions arising from the default of limited partners or for other purposes related to the Funds' business. We will not engage in "short selling."

Portfolio Company Management Risks. Although Snow Phipps expects to monitor the management of each portfolio company, management of each portfolio company will have day-to-day responsibility with respect to the business of such portfolio company. There can be no assurance that the existing management team of a portfolio company, or any new team, will be able to successfully operate such portfolio company or will meet a Fund's expectations. Some portfolio companies may depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would significantly adversely affect such portfolio companies' performance.

Disposition of Private Investments. Many of the Funds' investments involve private securities, which are generally more difficult to sell than publicly traded securities, as there is often no liquid

market. This lack of liquidity may result in selling such private securities at a discount. In connection with the disposition of an investment in private securities, the Funds may agree to purchase price adjustments and may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Funds may be obligated to fund additional capital pursuant to such purchase price adjustments and also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These transactions may ultimately yield funding obligations that must be satisfied by the limited partners to the extent of their unfunded commitments or prior distributions made to such limited partner.

Projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values, outcomes and cash flow.

Control Position. Each Fund's General Partner will generally seek certain investment opportunities that allow the Funds to either acquire control or exercise influence over the management, operation and strategic direction of certain portfolio companies in which they invest. The exercise of control and/or significant influence over a company imposes additional risks of liability for regulatory non-compliance, environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Funds to claims by such portfolio company, its security holders, its creditors and its regulators. While the General Partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Minority Investments. The Funds may also make minority equity investments in portfolio companies where they may have more limited influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of the Funds and the Funds may not be in a position to limit or otherwise protect the value of their portfolio investments in such portfolio companies. The Funds' control over the investment policies of such portfolio companies may also be limited. This could result in the Funds' portfolio investments being frozen in minority positions that incur substantial losses.

In addition, if the Funds take a minority position in publicly-traded securities as a "toehold" investment, such publicly-traded securities may fluctuate in value during the limited duration of the Funds' respective investments in such securities, which could potentially reduce returns to a Fund's limited partners. Therefore, there can be no assurance that the Funds will be able to realize the value of any such investments and distribute proceeds in a timely manner. In addition, although the Funds may generally seek board representation in connection with their minority portfolio investments, there is no assurance that such representation, if sought, will be obtained.

Counterparty and Fraud Risk. The Funds will be subject to the risk of the inability of counterparties and custodians to perform with respect to transactions or to safeguard assets, whether due to insolvency, bankruptcy or other causes, which could subject the Funds to incur substantial losses. Of paramount concern in purchasing securities and other assets is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of a portfolio company or other asset. The Funds rely upon the accuracy and completeness of representations made by

counterparties to the extent reasonable and appropriate, but cannot guarantee that such representations are accurate or complete. Under certain circumstances, distributions to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance.

Co-Investments with Third Parties. The Funds will from time to time co-invest with third parties through jointly owned acquisition vehicles, partnerships, joint ventures or other structures. In such situations, the Funds' ability to control their equity investments will depend upon the nature of the joint investment arrangements with such partners and the Funds' relative ownership stake in such investments. The Funds may be minority investors in these circumstances. In addition, such arrangements may restrict the Funds' ability to dispose of their investments for potentially significant periods of time. Such investments may involve risks not present in investments where a third party is not involved. A co-venturer or partner of the Funds may at any time have economic or business interests or goals which are inconsistent with those of the Funds and may be in a position to take (or block) action inconsistent with the Funds' investment objectives. The Funds may be liable for certain actions of their co-venturers or partners. Co-investments may also involve higher costs than other investments. Co-venturers or partners potentially may include limited partners of the Funds and certain Fund investors.

Non-U.S. Investments. The Funds may invest globally, including in portfolio companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (a) currency exchange matters; (b) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (c) certain economic and political risks, potential regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; (d) foreign governmental approvals and compliance with foreign laws; (e) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; (f) less developed corporate laws regarding fiduciary duties and the protection of investors and (g) rudimentary anti-fraud and insider trading regulations. The Funds' returns on their U.S. portfolio investments may not be indicative of the results they may achieve on investments located in foreign countries. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Funds to seek to enforce their rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

Possible Hedging Activities. Each Fund's General Partner or the Funds may, but are not required to, use certain hedging strategies in order to minimize the risk of a decrease in the value of one or more investments. The use of hedging strategies is a highly specialized activity and there can be no assurance that their use will achieve the intended result. These hedging strategies may limit the ability of the Funds to profit from the increase in the value of an investment above a certain price. While such hedging transactions may reduce certain risks, such transactions themselves may entail certain other risks, including (but not limited to) counterparty credit risk and market

liquidity risk. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Thus, while the Funds and the portfolio companies may benefit from the use of hedging instruments, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the Funds and the portfolio companies than if they had not used those hedging instruments. In addition, if judgments made with respect to future stock prices, exchange rates, market conditions or trends are not correct, these hedging strategies could result in losses to the Funds. The Funds' hedging activities will be subject to any limitation imposed by the de minimis exemption under CFTC Rule 4.13(a)(3) or any other exemption from registration under the Commodity Exchange Act applicable to the Funds at the applicable time.

Reliance on Key Personnel. The success of the Funds depends in substantial part upon the skill and expertise of the CEO and the Investment Professionals who will be providing investment advice with respect to the Funds. The loss of key personnel could have a material adverse effect on the Funds' ability to realize their investment objectives.

Board Participation. The Funds may be represented on the boards of directors of certain portfolio companies or may have their representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Funds' investment strategies and may enhance the General Partners' and Snow Phipps' ability to manage the portfolio investments, they may also have the effect of impairing the General Partners' ability to sell the related securities when, and upon the terms they may otherwise desire, and may subject the General Partners, Snow Phipps, the Funds and others to claims they would not otherwise be subject to as an investor, including claims of breach of fiduciary duties, violations of securities laws and other related claims. In general, the General Partners and Snow Phipps will be entitled to indemnification by the Funds for such claims, subject to limited exceptions.

Cybersecurity Risk. The Firm, each General Partner, each Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect a Fund and its investors, despite the efforts of the Firm and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to such Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Firm, the General Partners, a Fund's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Firm's systems to disclose sensitive information in order to gain access to the Firm's data or that of a Fund's investors. A successful penetration or circumvention of the security of the Firm's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Fund, the Firm or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Item 9 Disciplinary Information

Snow Phipps and its employees have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel.

Item 10 Other Financial Industry Activities and Affiliations

We are not registered, nor do we have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. We are also not registered, nor do we have any application pending to register, as a futures commission merchant. Snow Phipps GP II, LLC and Snow Phipps GP III, LLC have each filed for an exemption from registration as a commodity pool operator in accordance with the Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3). Snow Phipps GP II, LLC and Snow Phipps each have filed for an exemption from registration as a commodity trading advisor in accordance with CFTC Rule 4.14(a)(8).

Each General Partner is under common control with us.

See *Conflicts of Interest* in Item 11 below.

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

Snow Phipps has adopted a written Code of Ethics ("Code") which is included as a part of its "Compliance Manual" and which (along with any amendments) is provided to each employee. Our Code of Ethics requires all of our employees to (i) act with competence, dignity, integrity and in an ethical manner in all dealings on our behalf, (ii) use reasonable care and exercise independent professional judgment in the execution of their duties and (iii) avoid actions or relationships that might conflict, or appear to conflict, with job responsibilities or the interests of Snow Phipps and its Clients. Our Code also contains policies and procedures that ensure that all personal securities trading by employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. We prohibit personal trading on certain securities or instruments; require pre-clearance before purchasing an IPO or limited offering (i.e., private placement); and require periodic reporting of employees' personal securities transactions and all holdings. We require prompt internal reporting of Code violations.

Snow Phipps will provide a copy of the Code to any Client or prospective Client upon request.

Conflicts of Interest

Participation or Interest in Client Transactions. Snow Phipps, and an affiliated entity, serves as the investment adviser and General Partner, respectively, to the Funds. Each General Partner of the Funds will have an investment in such Fund. Therefore, Snow Phipps may be considered to participate indirectly in transactions effected for those Clients. The foregoing relationships, fees,

and any other actual or potential conflicts of interest arising therefrom are disclosed in the respective Funds' offering documents.

Snow Phipps and its affiliates may receive certain transaction, consulting, advisory, director or board compensation, and other similar fees associated with investments or proposed investments or commitments made by the Funds. All or a portion of such fees (for the avoidance of doubt, other than certain fees paid to Operating Partners) generally offset the Management Fee otherwise payable by the Funds.

Allocation of Investment Opportunities. In general, investment opportunities are not allocated among the Funds. The respective Fund limited partnership agreements set forth terms with respect to the allocation of investment opportunities. Generally, based on such limited partnership agreements, from the date of the closing of a Fund, until the expiration of the commitment period, Snow Phipps will allocate investment opportunities (other than follow-on investment opportunities related to investments of a prior Fund) that are within the scope of a Fund's investment objectives and are in a specified amount solely to such Fund before being offered to any other Fund. In the event that a closing on behalf of a new Fund occurs prior to the expiration of such commitment period of an existing Fund, Snow Phipps will allocate those investment opportunities that meet the investment objectives of both Funds on a basis which it believes is fair and equitable, and in certain cases will obtain the approval of a Fund's limited partner advisory committee with respect to such allocation. Snow Phipps maintains records of those instances where Snow Phipps allocates investment opportunities between or among Funds and the methodology of such allocation.

Co-Investment Opportunities. Where possible and appropriate, the General Partners may, but will be under no obligation to, provide co-investment opportunities to certain limited partners of the Funds before making such opportunities available to third parties. In respect of third parties, the General Partners may offer such co-investment opportunities to investors whom the General Partners believe will add value to the Funds' or the applicable portfolio company's activities, including, without limitation, Operating Partners, lenders, placement agents, underwriters and purchasers of debt, equity and equity related securities of portfolio companies and other persons with whom the Firm has a relationship. Decisions regarding whether and to whom to offer co-investment opportunities are made at the sole discretion of the General Partners and may be offered to some and not other limited partners of the Funds with allocations that may differ from their proportionate investments in the Funds and may be based on a number of factors, including, without limitation, a Fund limited partner's expressed interest in co-investments, the size of such Fund limited partner's capital commitment, and the General Partners' assessment of such Fund limited partner's ability to both fund and timely execute such co-investment. In light of the foregoing, no Fund limited partner should have any expectation of receiving co-investment opportunities.

Co-investors will typically bear their *pro rata* share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and may be required to pay their pro rata share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. Although Snow Phipps endeavors to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated as described above. In addition, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-

investments (and in certain circumstances, co-investors may not bear such fees, costs and expenses because they have not been identified as of the time such potential investment ceases to be pursued). In such event, such fees, costs and expenses will be considered operating expenses of and be borne by the applicable Fund.

Access to Insider Information. As a result of participation by representatives of the Firm on boards of certain companies, and/or as a result of confidentiality agreements or non-disclosure agreements entered into by the Funds or the Firm, the Funds may acquire confidential or material, non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information and such information may serve to restrict the Funds in their investment activities. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell a portfolio investment that they otherwise might have sold. Such possession of material, non-public information may create a conflict of interest between the representatives' and the Firm's duties and obligations to the companies on whose boards these representatives participate and the Funds' abilities to effect purchases and sales of the securities of such companies. Inadvertent trading on material non-public information could have adverse effects on the Firm's reputation, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact the Firm's ability to perform its investment management services on behalf of the Funds; provided that the foregoing is mitigated by the fact that the Firm will maintain a Code of Ethics that will limit its employees' ability to engage in personal trading and allow the Firm to monitor such activity.

Fund Expenses. Certain expenses of the Funds, the General Partners or the Firm incurred in connection with the structuring, negotiating, making, monitoring, sale, proposed sale or other disposition of portfolio investments may be borne by one or more portfolio companies and, as such, shall not be paid by the General Partners or the Firm or paid or reimbursed by the Funds.

Service Providers. The Funds' service providers (including, without limitation, deal generators, introducers, lenders, brokers, attorneys and outside directors) may be investors in the Funds or a successor fund and/or sources of investment opportunities therefor and counterparties therewith. This may influence the General Partners in deciding whether to select such a service provider or have other relationships with such party. Notwithstanding the foregoing, the General Partner will only select a service provider to the extent the General Partners determine that doing so is in the best interests of the Funds given all surrounding facts and circumstances and is consistent with the General Partners' responsibilities under applicable law.

In addition, the Firm and a portfolio company will engage common service providers. In such circumstances, there may be a conflict of interest between the Firm, on the one hand, and the Funds and the portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Firm may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. The Firm may from time to time receive a discount on services provided to it by such a common service provider even though the Funds and/or the portfolio companies may receive a lesser, or no, discount. In addition, different portfolio companies may receive different levels of discounts.

Principal Transactions. We do not anticipate entering into principal transactions, where we or any of our affiliates purchase or sell any security for our own account from or to the account of any Fund. In the event that we (or our affiliate) may engage in a principal transaction, we will obtain the approval of the applicable Fund's limited partner advisory committee.

Cross Transactions. We are not affiliated with a registered broker-dealer and as such cannot engage in agency cross transactions. While unlikely, we may engage in a cross transaction, where one Client purchases or sells any security for its own account from or to the account of another Client. In the event of a cross transaction, we will obtain any required Client approvals, including that of a Fund's limited partner advisory committee in accordance with the terms of such Fund's limited partnership agreement.

Valuation. Snow Phipps is not generally required to mark-to-market or value Fund investments for purposes of determining its advisory fees or otherwise. However, limited partnership agreements of the Funds require that Snow Phipps determine the fair value of a Fund investment to the extent it would result in a write-down which would impact the calculation of Snow Phipps' (or its affiliate's) Management Fee or carried interest. Snow Phipps has a Valuation Committee consisting of the CEO, Investment Partners, the CFO/CCO, and applicable Investment Professionals with specific knowledge of the portfolio company (when appropriate) and/or their respective delegates, which shall be responsible for overseeing and approving all assessments of the fair value of Fund assets. The Valuation Committee is responsible for ensuring that all such valuations are performed in accordance with Snow Phipps' valuation policies.

Item 12 Brokerage Practices

We do not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds because the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and the commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any. In order to minimize execution costs and obtain best execution for all Funds, we may aggregate orders for multiple Funds, as long as aggregating would be in the best interests of each participating Fund.

Snow Phipps does not currently utilize any soft dollar benefits or client referrals from broker-dealers in connection with Client transactions.

Item 13 Review of Accounts

Generally, each week, the Investment Professionals and, as appropriate, the applicable Operating Partners review all transactions on the Weekly Activity Report, including investments in various stages of diligence and active portfolio companies. With respect to transactions in process, our Investment Professionals discuss due diligence findings, potential transaction structures, industry dynamics and competitive landscapes. With respect to active portfolio companies, the relevant

deal team discusses new company developments. The CEO approves binding letters of intent as well as provides final approval for transactions after the completion of due diligence, transaction documentation and receipt of financial commitments from financing sources.

We review all Client accounts on a current basis. Our limited partner reporting function is primarily managed by our CFO. Limited partners receive unaudited quarterly financial statements, audited annual financial statements and annual tax information for the completion of income tax returns. Limited partners also receive as part of the quarterly package portfolio company reviews and a summary letter from Mr. Snow and Mr. Phipps. The fund administrator provides accounting (including maintaining limited partner capital accounts), administrative and tax services to SPII and SPIII, including any alternative investment vehicles, parallel investment vehicles and holdings vehicles, to the extent applicable.

Item 14 Client Referrals and Other Compensation

We sponsor the formation of each Fund and we do not engage or compensate third party referral agents to solicit new Clients for us. In the event that we engage, and will make a cash payment to, any solicitor of Clients, we will do so in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

However, Snow Phipps may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. The fees and expenses of any third party placement agents will be paid by the Funds, but will be reimbursed by Snow Phipps by offsetting its Management Fees.

Item 15 Custody

All cash and any applicable publicly traded securities for the Funds are held in custody by unaffiliated broker/dealers or banks. Snow Phipps maintains custody of certain privately issued securities in accordance with the SEC's guidance for private securities. However, Snow Phipps has access to Client accounts since it or an affiliate serves as a General Partner of the Funds. The Funds are subject to an annual audit by a PCAOB registered and inspected independent public accountant. Limited partners in each Fund are provided with annual audited financial statements, prepared in accordance with U.S. GAAP and U.S. GAAS, within 120 days of such Fund's fiscal year end.

Item 16 Investment Discretion

As discussed above, we provide discretionary investment advice to the Funds pursuant to an investment management agreement with each Fund. Each such investment management agreement, together with the management authority granted to the General Partners of the Funds pursuant to the Funds' limited partnership agreements, provides Snow Phipps with full discretion to determine investments to be purchased and sold on behalf of a Fund and the terms of the related transaction. Limitations on investment discretion are set forth in the investment management agreements with, and the limited partnership agreements of, the Funds.

Item 17 Voting Client Securities

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. We will ensure that a record of each securities position held by each Fund is maintained and, where any such vote is to occur, we will seek to ensure that we receive all relevant information, disclosure materials and such proxies or consents as are necessary for us to cast votes in a timely manner.

Snow Phipps will also determine where there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. If we determine that there is no material conflict of interests, then we will make the voting determination and take the required voting action. If we determine that, due to a conflict of interests, we are not capable of making an independent determination as to the voting decision then the voting decision will be that recommended by the applicable limited partner advisory committee.

The Funds can not direct Snow Phipps vote in a particular solicitation. Each Fund is controlled by its General Partner (a Snow Phipps affiliate) and, as such, each Fund is aware of how it voted with respect to its securities.

A copy of the proxy voting policies and procedures will be provided to any Client and prospective Client upon request.

Item 18 Financial Information

Snow Phipps has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.

Item 19 Requirements for State-registered Advisers

Not applicable.