

ITEM 1 – COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE



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This brochure provides information about the qualifications and business practices of Lateral Investment Management, LLC (“LIM”). If you have any questions about the contents of this brochure, please contact us at 650-396-2200 or by email at compliance@lateralim.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this brochure to LIM as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about LIM is also available on the SEC’s website at www.adviserinfo.sec.gov.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase interests in funds managed by LIM or its affiliates. The securities of the funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Any offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

ITEM 2 – MATERIAL CHANGES

This Form ADV Part 2A brochure (the “Brochure”) contains important information about LIM and this is the Brochure’s first annual amendment. This section summarizes the material changes to the Brochure since its original filing on December 22, 2017. LIM subsequently amended the Brochure to reflect a change to its principal office address in March 2018.

Since LIM’s initial filing of this Brochure on December 22, 2017, there have been no other material changes to LIM’s investment management business, fee structure, business practices, conflicts of interest and/or disciplinary history. Notwithstanding the prior sentence, the Brochure has been updated to reflect updated LIM ownership information, regulatory assets under management, additional risk factors and other non-material changes.

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ITEM 4 – ADVISORY BUSINESS

A. Introduction

Lateral Investment Management, LLC (“LIM”) is a private credit and growth equity firm that is organized as a Delaware limited liability company and was founded in 2014. LIM is owned by Richard de Silva and Kenneth M. Masters (the “Managing Members” of LIM).

LIM provides discretionary investment advisory services to private pooled investment funds typically organized as limited partnerships and limited liability companies: the Lateral U.S. Credit Opportunities Fund AI, L.P. and the Lateral U.S. Credit Opportunities Fund QP, L.P. (collectively the “LUSCOF Funds”); the Niagara Credit Income Fund AI (Tax-Exempt), LP (the “AI Feeder”), the Niagara Credit Income Fund AI, LP (the “AI Partnership”), the Niagara Credit Income Fund QP (Tax-Exempt), LP (the “QP Feeder”), and the Niagara Credit Income Fund QP, LP (the “QP Partnership”) (collectively the “Niagara Funds”); and other pooled investment vehicles that, on a non-discretionary basis, participate in certain investment opportunities alongside the investments of the LUSCOF and Niagara Funds (collectively the “Non-Discretionary Private Funds” and together with the LUSCOF and Niagara Funds, the “Funds”). LIM or an affiliate of LIM (each a “Non-Discretionary Private Fund Manager”) rely on the registration of LIM to provide advisory services to the Non-Discretionary Private Funds. Finally, LIM provides non-discretionary investment subadvisory services to a private investment fund principally advised by Worth Venture Partners, LLC (the “Principal Adviser”) entitled the WVP Emerging Manager Private Onshore Fund – Lateral Series (the “Worth-Lateral Fund”) (the Worth-Lateral Fund, together with the LUSCOF Funds, Niagara Funds, and Non-Discretionary Private Funds, the “Advisory Clients”).

The Funds are open only to certain financially sophisticated institutional and high net-worth individuals and entities, as more fully discussed in Item 7, and the Niagara Funds are organized in a master-feeder structure (the AI Feeder and QP Feeder being the feeder funds to the master funds, the AI Partnership and QP Partnership, respectively). Affiliates of LIM serve as the general partners of the LUSCOF and Niagara Funds (the “Affiliated General Partners”); each of the Affiliated General Partners is controlled by or under common control with LIM. As of the date of this Brochure, the Affiliated General Partners include Lateral Credit Opportunities, LLC and Niagara Credit Advisors, LLC. In addition, each Non-Discretionary Private Fund Manager is controlled by or under common control with LIM. As of the date of this Brochure, the Non-Discretionary Private Fund Managers include LIM and Lateral SMA Agent, LLC.

The Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the securities of the Funds are not registered under the Securities Act. Each Fund is governed by a limited partnership agreement or equivalent governing agreement (each, a “Fund Agreement”) that specifies the material terms and conditions of the Fund, including the applicable investment guidelines and investment restrictions. In addition, except for the master funds, the LUSCOF and Niagara Funds have confidential private placement memoranda prepared for the investors in such Funds, which contain additional information regarding the respective intended investment programs. LIM, together with the Affiliated General Partners and Non-Discretionary Private Fund Managers, provide investment management and administrative services to the Advisory Clients in accordance with the applicable Fund Agreement. Each of the Affiliated General Partners retains management authority over the business and affairs, including

investment decisions of the LUSCOF and Niagara Funds. The Worth-Lateral Fund is governed by an agreement that specifies the subadvisory services that are provided in accordance with the investment management guidelines described therein.

The investors in the Funds (“Investors”) include, among others, family offices, individuals, trusts, foundations, public pension plans, sovereign wealth funds, fund of funds, endowments and charitable organizations.

B. Investments

LIM offers advice solely with respect to the investments made by the Advisory Clients, which generally consist of private company securities, by identifying investment opportunities and participating in the acquisition, management, monitoring and disposition of investments for each Fund. The investment strategy for the Advisory Clients primarily consists of providing growth capital to non-sponsored lower middle market companies through the direct origination of short-term senior secured debt with minority equity stakes. LIM focuses on lower middle market companies with limited borrowing availability such as owner-operated companies with no private equity sponsor.

LIM generally has broad and flexible investment authority with respect to the LUSCOF and Niagara Funds. Each Fund’s investment objectives and strategy is set forth in the relevant Fund Agreement and, in some instances, also in a confidential private placement memorandum for such Fund. All Investors in a Fund are urged to carefully review the Fund Agreement and, if applicable, the private placement memorandum, for such Fund.

C. Advisory Services

As noted above, the Advisory Clients of LIM are the Funds and Worth-Lateral Fund. LIM tailors its investment advice to each Advisory Client in accordance with such Advisory Client’s investment objectives and strategy as set forth in the relevant governing agreement, Fund Agreement and, if applicable, confidential private placement memorandum for such Fund.

The Investors are able to negotiate the terms of the applicable Fund Agreement in connection with, and prior to, their investments in a Fund. In certain cases, the Affiliated General Partners have entered into side letter agreements with certain Investors to modify certain rights and privileges which are not available to other Investors (including, without limitation, advisory and performance fee rates, information rights, reporting rights, capacity rights, approval rights and certain other protections and the right to receive certain special allocations) (the “Side Letters”).

Once an Investor has been admitted to a Fund, it generally cannot seek additional investment guidelines or restrictions on such Fund, with the exception of the Non-Discretionary Private Funds.

D. Wrap Fee Programs

LIM does not participate in wrap fee programs.

E. Client Assets

As of December 31, 2018, LIM manages \$366,999,643 of assets on a discretionary basis and \$18,242,497 on a non-discretionary basis. LIM's management of the Non-Discretionary Private Funds is limited by the requirement to pre-clear each proposed investment with the Principal Adviser and investors of each Non-Discretionary Private Fund, respectively, and therefore the regulatory assets under management attributable to the Non-Discretionary Private Funds are shown as "non-discretionary" in LIM's response to Form ADV Part 1A Item 5.F.

ITEM 5 – FEES AND COMPENSATION

LIM is generally compensated by the Funds through management fees as set forth in each Fund Agreement and, in the case of the Worth-Lateral Fund, the investment management agreement governing LIM's subadvisory services. In addition, the Affiliated General Partners may receive performance-based compensation from the Funds, which is discussed in further detail in Item 6 below. The specific compensation terms may vary from Fund to Fund, and the compensation terms for a Fund are set forth in the Fund Agreement for such Fund. For example, certain of the Non-Discretionary Private Funds pay both management and performance-based fees, while others only pay a performance-based fee.

Fund Management Fees

In general, with respect to each LUSCOF Fund, LIM receives a management fee equal to 1.5% per annum of each Investor's (excluding Investors who are affiliates and related persons of LIM) capital commitment to such Fund during such Fund's active investment period. Thereafter, the management fee is 1.5% per annum of such Investor's net invested capital in such Fund.

In general, with respect to each Niagara Fund, LIM receives a management fee equal to 2.0% per annum of each Investor's (excluding Investors who are affiliates and related persons of LIM) pro rata portion of such Fund's account balance (excluding the portion of the Niagara Fund's investment in the LUSCOF Funds).

Under the applicable Fund Agreements, management fees for the LUSCOF and Niagara Funds are paid quarterly in arrears. The Non-Discretionary Private Funds which pay management fees are also billed quarterly in arrears. Management Fees are not refunded in the event such Fund terminates or LIM's relationship with such Fund is terminated prior to the end of such quarter.

The Affiliated General Partner or Non-Discretionary Private Fund Manager that controls a Fund causes the management fee payable by such Fund to be deducted from the assets of such Fund and paid over to LIM.

Notwithstanding the relevant Affiliated General Partner or Non-Discretionary Private Fund Manager's discretion to waive or lower management fees, management fees paid by the Funds are not open to negotiation after the final closing of such Funds.

Fund Performance-Based Fees

LUSCOF Funds Performance-Based Fees

Each Affiliated General Partner that is the general partner of a LUSCOF Fund will receive a performance-based special allocation on net profit (including both realized and unrealized gains and losses) of that LUSCOF Fund. For each LUSCOF Fund, the applicable Affiliated General Partner will receive a performance-based fee equal to 20% of (a) the Fund's net profit allocated to each limited partner in connection with an 8% compounded annual preferred return on such limited partner's unreturned capital contribution after such preference has been fully paid to the limited partners and (b) any net profits in excess of the preferred return to limited partners and the catch-

up described in clause (a). The performance-based fee will be calculated and paid when the applicable Affiliated General Partner authorizes a distribution. Payment of the performance-based fee is subject to interim true-up calculations at the end of each fiscal year and a clawback mechanism upon the final liquidation (requiring the applicable Affiliated General Partner to return performance-based fees, net of taxes, to the extent that the aggregate performance based fees exceed 20% of a LUSCOF Fund's net profits).

Niagara Funds Performance-Based Fee

Each Affiliated General Partner that is the general partner of a Niagara Fund will receive a performance-based fee on net profits derived from both legacy investments (the "Legacy Investments") from the predecessor fund to that Niagara Fund and new investments of that Niagara Fund (the "Current Investments"). With respect to the Legacy Investments of a Niagara Fund, the applicable Affiliated General Partner will receive a performance-based fee equal to 20% of the net profits in excess of the fixed payments to limited partners allocable to such Legacy Investments (generally ranging between an annual growth rate of 5-12% as determined pursuant to the applicable Fund Agreement).

With respect to the Current Investments of a Niagara Fund, the applicable Affiliated General Partner will receive a performance-based fee calculated by applying a notional waterfall for all proceeds from such Current Investments. In that notional waterfall, which is intended to approximate a typical private equity fund waterfall, proceeds are notionally allocated as follows:

- First, to the applicable Niagara Fund until it has received (a) all expenses allocable to the Current Investments, (ii) the cost basis of all Current Investments that have been exited or written down to zero, and (iii) a deemed management fee at the rate of 2% per annum on the cost basis of all Current Investments that have not been exited;
- Second, to the applicable Niagara Fund until it has received a return on the cost basis of all Current Investments that have not been exited at an annual rate equal to 8% (the "Notional Preferred Return");
- Third, to the applicable Affiliated General Partner until it has received 20% of the sum of the Notional Preferred Return allocations and allocations to the applicable Affiliated General Partner at this level of the notional waterfall; and
- Thereafter, 80% to the applicable Niagara Fund and 20% to the applicable Affiliated General Partner.

The allocation of performance-based fees described above does not apply to investments of the Niagara Funds in the LUSCOF Funds. As described above, the Affiliated General Partner that is the general partner of a LUSCOF Fund will receive carried interest distributions from that LUSCOF Fund.

Worth-Lateral Fund and Non-Discretionary Private Fund Fees

Fee arrangements with the Worth-Lateral Fund and Non-Discretionary Private Funds are individually negotiated with the Principal Adviser or Non-Discretionary Private Fund investors and are generally based on assets under management and include performance-based fees. The Principal Adviser compensates LIM for its subadvisory services on a quarterly basis. The members compensate the applicable Non-Discretionary Private Fund Manager also on a quarterly basis.

Fund Expenses

LUSCOF Fund Expenses

The LUSCOF Funds are responsible for all expenses described in the relevant LUSCOF Fund Agreement, including but not limited to, all costs and expenses (including without limitation accountants' and attorneys' fees) incurred prior to such time relating to the organization of the LUSCOF Funds, and the offer and sale of interests in the LUSCOF Funds; all reasonable costs and expenses relating or readily attributable to or arising out of investments, including without limitation (a) out-of-pocket costs and expenses of the LUSCOF Funds, the Affiliated General Partner and LIM in connection with (i) the making of an investment including without limitation the due diligence investigation, the negotiation, preparation, execution and delivery of any documents with respect to such investment and (ii) the negotiation or preparation of any modification, supplement or waiver of any of the terms of such documents (whether or not consummated) and (b) out-of-pocket costs and expenses of the LUSCOF Funds, the Affiliated General Partner and LIM incurred in connection with the evaluation, acquisition, holding, monitoring, refinancing, recapitalization, disposition or proposed disposition of investments, including without limitation out-of-pocket accounting and legal expenses, private placement fees, taxes, interest expenses, custodial fees, brokerage fees, sales commissions, underwriting commissions and discounts, clearing and settlement charges, bank services fees, appraisal fees, asset management fees, administrator fees and consultant fees of the LUSCOF Funds, the Affiliated General Partner and LIM related to investments; indemnification expenses of the LUSCOF Funds; investor communication expenses; all unreimbursed out-of-pocket expenses of the LUSCOF Funds relating to unconsummated transactions (including legal, accounting and consulting expenses); legal expenses; internal and external accounting expenses (including the cost of accounting software packages); auditing expenses, fees relating to the preparation of financial and tax reports, investor reports, portfolio valuations and tax returns of the LUSCOF Funds; fees and expenses of any administrator or other service provider to the LUSCOF Funds; interest, fees and expenses arising out of all permitted borrowings made by the LUSCOF Funds; clearing and settlement charges; bank services fees; the costs of any litigation or threatened litigation; director or officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the LUSCOF Funds; all costs and expenses incurred in connection with the dissolution, liquidation and winding up of the LUSCOF Funds or any portfolio company; any sales or other taxes, fees or other governmental charges levied against the LUSCOF Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the LUSCOF Funds; costs and expenses (including travel-related expenses) of hosting annual or special meetings for the LUSCOF Fund Investors or otherwise holding meetings or conferences with LUSCOF Fund Investors; expenses of the LUSCOF Funds' relevant Limited Partner Advisory Board (including the costs of any counsel or other advisors engaged by the Limited Partner Advisory Board) and all other expenses of the LUSCOF Funds.

Niagara Funds Expenses

The Niagara Funds are responsible for all expenses described in the relevant Niagara Fund Agreement, including but not limited to, legal (including all expenses incurred in connection with the continuation of the Niagara Fund offering of Investor interests), accounting (including third-party accounting services), auditing and other professional expenses, administration fees and expenses, investment expenses such as commissions, custodial fees, bank service fees, interest on margin accounts and other indebtedness; borrowing charges on securities sold short and other expenses related to the purchase, sale or transmittal of Investor assets. Expenses generally will be aggregated and allocated pro rata between the AI Feeder and the QP Feeder.

The Funds will not bear expenses of the Worth-Lateral Fund or the Non-Discretionary Private Funds, which will bear their pro rata share of applicable transaction expenses.

Fund expenses pertaining directly to a Fund will be charged to such Fund. If any expenses are associated with two or more Funds, such expenses will typically be allocated according to the relative aggregate capital commitments of the applicable Funds unless otherwise indicated in LIM's expense policy or if an Affiliated General Partner determines in good faith that a disproportionate allocation would be fair or equitable because the incurrence of such expenses is disproportionately for the benefit of a particular Fund.

Investors should refer to the relevant Fund Agreement for the Fund in which they are investing for a complete understanding of how management fees and other compensation are paid to LIM and its affiliates. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund Agreement.

The foregoing represents LIM's basic compensation arrangements. However, fees and other compensation are negotiable in certain circumstances and arrangements with any particular Advisory Client or Investor may vary. Please see Item 4.C. for more information regarding Investor Side Letters.

Please also see "Item 12 – Brokerage Practices" in this brochure for further information on brokerage practices and arrangements that may relieve LIM from certain costs and expenses.

Neither LIM nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5 above, LIM (or an affiliate, such as an Affiliated General Partner or Non-Discretionary Private Fund Manager) may receive performance-based compensation from the Advisory Clients. While all Advisory Clients are subject to performance-based fees, conflicts may exist among Advisory Clients with different performance fee arrangements whose assets are managed alongside each other.

The possibility that LIM (or an affiliate) may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for LIM to allocate more time, resources, and/or investment opportunities to Advisory Clients paying a performance-based fee at a higher rate. The possibility of receiving performance-based compensation may also create incentives for LIM to make investments on behalf of such Advisory Clients that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

It is LIM's policy to allocate limited investment opportunities that are consistent with the strategies shared by the Funds first to the LUSCOF Funds, and then to the other Funds on a pro rata basis in proportion to the relative amounts of available capital of each Fund, and subject to any restrictions contained in the offering and/or organizational documents of the relevant Fund. The Niagara Funds participate in many investment opportunities through the Niagara Funds' investment in the LUSCOF Funds. After allocating a limited investment opportunity to the LUSCOF Funds, LIM also maintains sole discretion to allocate limited investment opportunities to other co-investors, such as certain LUSCOF Fund Investors, before other Advisory Clients, such as the Worth-Lateral Fund or the Non-Discretionary Private Funds.

Notwithstanding this approach to the allocation of limited investment opportunities, as a fiduciary, LIM aims to manage such conflicts by refraining from favoring one Advisory Client's interests over another's in all other respects; that is, LIM attempts to make investment decisions for each Advisory Client based solely on the client's investment objectives, liquidity considerations, investment limitations and other considerations unique to an investment decision. Prior to making an investment, Advisory Clients and Investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation.

Further, it is LIM's general practice to make investment decisions with respect to a particular portfolio company concurrently for all applicable Advisory Clients in accordance with any applicable Fund Agreements or subadvisory agreement. Furthermore, such conflicts are mitigated by limitations on the ability of LIM to establish new Funds, contractual provisions requiring certain Advisory Clients to purchase and sell investments contemporaneously, and contractual provisions and procedures setting forth investment allocation requirements designed to ensure allocation of investment opportunities among the Funds and Worth-Lateral Fund on a fair and equitable basis, all as set forth in further detail in the Fund Agreements and subadvisory agreement.

ITEM 7 – TYPES OF CLIENTS

As previously described in Item 4, LIM's clients consist of private investment funds and other specialty-purpose pooled vehicles in the form of the Funds, Worth-Lateral Fund, and the Non-Discretionary Private Funds. As previously described in Item 4, the Worth-Lateral Fund is subadvised by LIM and principally advised by Worth Venture Partners, LLC. Also as described in Item 4, the Non-Discretionary Private Funds are advised by the Non-Discretionary Private Fund Managers.

LIM does not provide investment advisory services to any of the Investors, and thus the Investors should not be deemed to be clients of LIM. Nevertheless, LIM requires each Investor to meet certain eligibility requirements. Specifically, each Investor is required to represent that it is an "accredited investor" (as defined in Regulation D under the Securities Act) and/or a "qualified purchaser" (as defined in Section 2(a)(51)(A) of the Investment Company Act, as amended).

Investors whose investments in the Funds are subject to performance-based fees are required to be "qualified clients" within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Investors who are "qualified purchasers" for purposes of the Investment Company Act are automatically deemed to be "qualified clients" for purposes of Rule 205-3.

Each Fund requires a significant minimum capital commitment from an Investor in such Fund, which can be waived at the discretion of the applicable Affiliated General Partner or Non-Discretionary Private Fund Manager for such Fund.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis

LIM performs its own analyses on prospective investments utilizing an in-house team of individuals with varying degrees of experience in both industry and private equity investing. As noted in Item 4, LIM will primarily target short-term credit financing to owner-operated or family-owned middle market companies.

Prior to making an investment, LIM conducts comprehensive due diligence on potential portfolio companies. LIM's investment process includes analyses of business and industry trends, appraisal of management, assessment of financial results, projections, growth prospects, and competitive advantages, a determination of appropriate transaction and capital structures, and an evaluation of appropriate exits. Post-acquisition, LIM provides ongoing support to portfolio companies by assisting with major strategic, operational and financial initiatives.

B. Risk Factors

An investment in the Funds involves a significant degree of risk. There can be no assurance that the Funds' investment objectives will be achieved or that there will be any return of capital. The environment for private equity investments is increasingly competitive and an Investor should only invest in the Funds if the Investor can withstand a total loss of its investment.

No guarantee or representation is made that the Funds' investment programs will be successful.

The following are some of the additional material risks associated with an investment in the Funds:

Limited Operating History. LIM and the Funds have limited operating history on which investors can evaluate the potential performance of the Funds.

Nature of the Funds' Investments. A substantial portion of the Funds' investments will be in equity or equity-related investments that by their nature involve business, financial, market and legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses.

Illiquidity of Portfolio Investments. The Funds' investment portfolios will consist primarily of investments in private companies. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. It is unlikely that there will be a readily available market for the Funds' investments and most of the Funds' investments will be difficult to value. The Funds will generally not be able to sell their respective securities publicly unless their sale is registered under applicable securities laws or unless an exemption from such registration requirement is available. It is highly speculative as to the whether and when a portfolio company will be able to register its securities so that the securities become eligible for trading in public markets. In addition, in some cases, the Funds may be prohibited by contract or legal or regulatory reasons from selling securities for a period of time. There can be no assurance that the Funds will be able to realize such investments at attractive

prices or otherwise be able to effect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy time period or may in the future, result in distributions in kind to the Investors.

Uncertainty of Financial Projections. Financial and other information concerning the Funds' investments may only be available through certain sources, including the portfolio companies themselves. Such involvement of portfolio companies and sources such as third party advisors or consultants may present risks primarily relating to reduced control of the functions that are outsourced. There may be no consistent means of confirming the accuracy of information.

Competition. The business of investing in leveraged acquisitions, venture capital opportunities and other private equity situations is highly competitive. Identification of attractive investment opportunities by LIM is difficult and involves a high degree of uncertainty.

Lower Middle-Market and Middle-Market Companies. While investments in lower middle-market and middle-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies.

Market and Credit Risks of Debt Securities. Portfolio companies with debt securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal or interest on an instrument.

Investment in Distressed Securities. The Funds will be authorized to invest in the securities and obligations of distressed and bankrupt portfolio companies, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties.

Bankruptcy. The Funds may make investments in portfolio companies that are in or subsequently enter into the bankruptcy process. There are a number of significant risks inherent in the bankruptcy process.

Investments with Third Parties. The Funds are permitted to co-invest with third parties. The co-investment commitment to a portfolio company may be substantial. Such investments may involve risks not present in investments where third parties are not involved, including the possibility that a co-investor of the Funds may experience financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which are inconsistent with those of the Funds, may take a different view from LIM as to the appropriate strategy for an investment or disposition of an investment, or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of their third party co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the investment, including incentive compensation arrangements. Some of the third parties or partners with whom the Funds may co-invest have pre-existing investments with target portfolio companies, and the terms of such pre-existing investments may differ from the terms upon which the Funds invest in such portfolio company.

Co-Investments and Other Transactions with Other Funds. The Funds may co-invest with other managed funds or accounts. Any such co-investments or related transactions may raise potential conflicts of interest, particularly if the Funds and such other managed accounts invest in different classes or types of securities of the same portfolio company. In that regard, actions may be taken by such other funds that are adverse to the Funds. In addition, it is possible that in a bankruptcy proceeding, the Funds' interests may be subordinated or otherwise adversely affected by virtue of such other funds' involvement and actions relating to their investment. LIM may cause Funds or accounts managed directly or indirectly by it, including the Funds and other managed accounts in which LIM or an affiliate may own an interest, to enter into transactions with each other.

Investment Environment and Market Risk. Many factors affect the appeal and availability of the types of investments targeted by the Funds. Although the Funds see changes in these factors indicating a trend towards increased opportunities and value creation, there can be no assurance that such changes will continue. There can be no assurance that the Funds will be able to accurately predict market price movements and, as such, there may be a significant degree of market risk.

Risk of Absence of Exit Opportunity. Investments are subject to the risk that the Funds will be unable to dispose of such investments by sale or other disposition at attractive prices or otherwise be unable to complete a realization or an "exit" strategy. It is likely that many of the investments made by the Funds will be in securities for which there is no public market. The Funds may also be prohibited by contractual or legal requirements from selling such securities for a period of time, or the investments themselves may be of such a type as to require a substantial length of time to liquidate.

Risks in Effecting Operating Improvements. In some cases, the Funds' investment strategies will depend, in part, on the ability of the Funds to restructure and improve the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such restructuring programs and improvements.

Concentration. If a Fund is a co-investment vehicle, such Fund's investment is typically concentrated in a single portfolio company. Even when a Fund is not a co-investment vehicle, such Fund typically has the ability to concentrate a meaningful portion of its investments in a single portfolio company. Although concentration may benefit a Fund if the investment or investments in which it is concentrated generate strong returns, such concentration also may magnify the losses suffered by a Fund if such investment or investment perform poorly when compared to a more diversified portfolio.

Follow-On Investments. The Funds may be called upon to provide follow-on funding for their portfolio companies or have the opportunity to increase their investment in portfolio companies. There can be no assurance that the Funds will wish to make such follow-on investments or that the Funds will have sufficient capital to do so. In particular, Funds that are co-investment vehicles typically only have raised funds sufficient to make a specific investment and typically do not have the ability to call additional capital for follow-on investments.

Leverage. Although the Funds have certain limitations on the ability to borrow, portfolio companies may borrow without limitation. While leverage presents opportunities for the Funds' total return, it also has the effect of potentially increasing losses.

Managerial Assistance, Control and Board Participation. The Funds often will designate directors (and non-executive chairmen) to serve on the boards of directors of the Funds' portfolio companies. A board member designated by the Funds will have fiduciary duties to persons other than the Funds. The designation of directors and other measures contemplated could expose the assets of the Funds to claims by a portfolio company, its security holders and its creditors for breaches of fiduciary duties, securities claims and other director-related claims. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability for which the limited liability generally characteristic of business ownership may be ignored.

Risks of Derivative Transactions. The Funds are permitted to engage in certain derivative transactions, including swaps, short sales, forward contracts or options (together, the "Derivative Instruments") or hedging transactions which are intended to reduce the Funds' equity, debt, currency or interest rate exposure, however there is no obligation to enter into any such transactions. The use of Derivative Instruments, even when used with the intent to reduce the risks associated with the Funds' investments, involves additional expenses as well as risks that are different than those of the Funds' direct or indirect investments. Unanticipated changes in securities prices, interest rates or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into any such derivative transaction

Outside Activities. Officers and employees may work on outside projects that do not relate to the Funds. Conflicts of interest may arise in allocating opportunities, management time, services or functions among the respective officers and employees.

Service Providers. Certain service providers or their affiliates (including any accountants, administrators, lenders, brokers, attorneys, consultants and investment or commercial banking firms) may be investors in the Funds and/or sources of investment opportunities and co-investors or counterparties therewith. This may influence the Affiliated General Partners in deciding whether to select such a service provider. In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to the Affiliated General Partners, LIM or their affiliates (other than the Funds) as compared to services provided to the Funds or their portfolio companies, which may result in more favorable rates or arrangements than those payable by the Funds or such portfolio companies.

Investor Advisory Board Approvals. Certain Fund Agreements contain certain protections for Investors against conflicts of interest faced by the Affiliated General Partners, but will not purport to address all types of conflicts that may arise. As applicable, under the Fund Agreements certain transactions that involve conflicts of interest between the Affiliated General Partners and the Funds may be submitted to the investor advisory board for evaluation. However, the investor advisory board will not necessarily represent the interests of all the Investors and the members of the investor advisory board may themselves be subject to various conflicts of interest.

Reliance on Key Management Personnel. The success of the Funds will depend, in large part, upon the skill and expertise of the management of LIM. In the event of the death, disability or departure of LIM's Managing Members, LIM's business and the performance of the Fund may be adversely affected.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. 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 LIM or one of its service providers holding its financial or investor data, LIM, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under LIM's policies.

LIM has adopted a business continuation strategy to maintain critical functions in the event of a technical problem affecting applications, data centers or networks. The recovery strategies are designed to limit the impact on the Funds from any business interruption or disaster. Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security failures or breaches by a third party service provider have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, and violations of applicable privacy and other laws.

Investors in the Funds are requested to refer to the applicable Fund Agreement for more complete information on the risks associated with an investment in a Fund.

ITEM 9 – DISCIPLINARY INFORMATION

LIM has no legal or disciplinary information to disclose at this time that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described in Item 4, the Affiliated General Partners are related persons of LIM that serve as general partners to the Funds and, in connection therewith, maintain investments in such Funds and provide investment management and administrative services to the Funds. Additionally, the Non-Discretionary Private Fund Managers are also related persons of LIM and which serve as investment adviser to the Non-Discretionary Private Funds. As described in Item 6, the Affiliated General Partners or Non-Discretionary Private Fund Managers are entitled to receive performance-based compensation from the Advisory Clients, which may in certain circumstances create a conflict of interest, as described in Item 6 above.

As described elsewhere in this Brochure, LIM generally seeks to make significant investments in portfolio companies. LIM typically seeks substantial minority positions in portfolio companies, with board representation and customary shareholder rights.

Certain of LIM's investment professionals serve, and may serve in the future, on the board of certain of the portfolio companies of the Funds. LIM tracks all such board positions and monitors for conflicts. LIM does not believe that such directorships pose a material conflict of interest.

Neither LIM nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity trading advisor, or an associated person of the foregoing entities.

Neither LIM nor any of its management personnel has any relationships or arrangements with other financial services companies that are material to LIM's advisory business or that create material conflicts of interest with LIM's clients.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

LIM's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 under the Advisers Act. The Code applies to LIM's "Access Persons." Access Persons include, generally, any member, officer or director of LIM and any employee of LIM who, in relation to the Advisory Clients (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. Currently, all LIM employees are deemed to be Access Persons. In addition, certain consultants and other individuals may also be deemed to be Access Persons at LIM's discretion.

The Code sets forth a standard of business conduct that takes into account LIM's status as a fiduciary to the Advisory Clients and requires Access Persons to place the interests of the Advisory Clients above their own interests and the interests of LIM. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of LIM's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide LIM's Chief Compliance Officer with a list of their personal accounts and an initial holdings report listing the holdings of such personal accounts within 10 days of becoming an Access Person. In addition, LIM's Access Persons must provide annual holdings reports and quarterly transaction reports detailing, respectively, the holdings and quarterly transactions in their personal accounts in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or his designee reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting her or her personal securities transactions in a manner that is consistent with the Code.

The Code also describes LIM's duty to protect material non-public information about securities/investment recommendations provided to (or made on behalf of) Advisory Clients. Underlying these policies and procedures are two primary principles. First, confidential information must be maintained in confidence. Second, employees of LIM who possess non-public information about a public company, whether or not it is material, must not trade in the public securities affected by such information, must not disclose such information to anyone who does not have a legitimate need to know it and must immediately disclose such information to the Chief Compliance Officer.

Advisory Clients, Investors or prospective Investors may obtain a copy of the Code by contacting LIM.

B. Potential Conflicts of Interest

As explained in Item 10 above, the Affiliated General Partners, which are owned by the Managing Members are related persons to LIM, serve as the general partners of the Funds. Certain Affiliated General Partners also commit capital to the Funds, and as a result every investment made by a Fund involves a purchase of securities whereby related persons of LIM indirectly acquire an indirect interest in such securities. Also, the Managing Members and employees of LIM have invested and in the future may invest directly in certain of the Funds.

The fact that the Managing Members and certain employees of LIM have financial ownership interests in Funds creates a potential conflict in that it could cause LIM to make different investment decisions than if such parties did not have such financial ownership interests. However, LIM believes that these financial interests align LIM's and the Affiliated General Partners' incentives with the other Investors in such Funds.

LIM receives management fees from most Advisory Clients. The management fees are payable without regard to the overall success or income earned by the Advisory Clients and therefore may create an incentive on the part of LIM to raise or otherwise increase assets under management with respect to the Funds to a higher level than would be the case if LIM were receiving a lower or no management fee.

LIM seeks to address these potential conflicts through regular monitoring of the Advisory Clients' portfolios for consistency with objectives, strategies, and target capacity. As stated in Item 11, the Code provides guidelines for identifying and addressing conflicts of interest and requires Access Persons to place the interests of the Advisory Clients over their own or those of LIM, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

LIM requires that Access Persons' transactions in certain "reportable securities" (as defined in Section 202(a)(18) of the Advisers Act) be pre-cleared with the Chief Compliance Officer. Further details are available in the Code, which is available to Investors upon request.

LIM maintains a "Restricted List" with the names of issuers of public securities about which LIM or its affiliates (including Access Persons) hold an interest or otherwise have learned material, non-public information. Companies will be removed from the Restricted List at the discretion of the Chief Compliance Officer, typically when information involved has been made public or is no longer considered material, or when the confidentiality agreement relating to such company has expired. Further, LIM will assess the need to place the public stock of an Advisory Client portfolio company on the restricted list on an as-needed basis.

If a portfolio company were to go public, Access Persons would generally be prohibited from purchasing the stock while it remained a portfolio company (and for some time after at the discretion of the Chief Compliance Officer). Any sales of an interest in a public portfolio company would need to be pre-cleared so that the Chief Compliance Officer may confirm that the proposed investment meets the requirements of the applicable Fund Agreements and/or subadvisory agreement and the Code. Access Persons are generally prohibited from trading securities on the Restricted List.

ITEM 12 – BROKERAGE PRACTICES

The private company securities which are the primary investments by the Advisory Clients are generally purchased in private placement transactions, without the assistance of a broker-dealer and without the payment of brokerage commissions or dealer mark-ups. In the event that LIM's business were to evolve such that its clients were to execute transactions through a broker-dealer, then LIM would adopt policies and procedures reflective of its duty to execute trades in publicly-traded securities in a manner designed to seek best price and execution. LIM does not utilize soft dollars.

ITEM 13 – REVIEW OF ACCOUNTS

A. Review of Client Accounts

LIM's client accounts are under periodic review by the Managing Members and other investment professionals of LIM. LIM considers, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

B. Reports Sent to Investors

The Fund Agreements and subadvisory agreement set forth the reports required to be sent to applicable Investors and the Principal Adviser. Typically, under the Fund Agreements, each Investor in a Fund receives: (i) quarterly, unaudited financial statements of such Fund, (ii) annual financial statements of the Fund audited by a nationally recognized accounting firm, and (iii) Fund tax information reported on IRS form K-1 annually. Certain Side Letters grant certain Investors additional reporting rights.

The written reports received by the Principal Adviser are dictated by the terms of the subadvisory agreement with LIM.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Other than as described under “Brokerage Practices” above, LIM does not receive any benefits from third parties for providing investment advice or other advisory services to its clients, nor does LIM or any of its related persons directly or indirectly compensate any third party for client referrals.

ITEM 15 – CUSTODY

LIM is deemed to have custody of client funds or securities by virtue of the Affiliated General Partners' status as general partners to the LUSCOF and Niagara Funds or Non-Discretionary Private Fund Managers' status as managers to the Non-Discretionary Private Funds, and accordingly, LIM and its affiliates comply with the custody requirements applicable to registered investment advisers. LIM does not have custody of the Worth-Lateral Fund's assets.

All of the Funds' assets, save for certain uncertificated securities purchased in private transactions, are held with a "qualified custodian," as defined in the applicable custody rules, which generally includes a bank or broker-dealer.

With regard to the Funds only, LIM is exempt from the quarterly account statement delivery obligations and surprise audit requirement of the custody rule because each of the Funds are audited each year by an independent public accountant, which is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and LIM distributes financial statements to Investors in each Fund annually. To ensure compliance with Rule 206(4)-2 under the Advisers Act, Investors in the Funds are provided with audited financial statements for their respective Funds within 120 days of the end of such Funds' fiscal years.

Investors receive statements from LIM. These statements should be carefully reviewed.

ITEM 16 – INVESTMENT DISCRETION

Pursuant to the applicable Fund Agreements, LIM has discretionary authority to manage securities accounts on behalf of the LUSCOF and Niagara Funds. LIM is authorized to make transaction recommendations for the Worth-Lateral Fund and Non-Discretionary Private Funds, but must seek the Principal Adviser or the Non-Discretionary Private Fund Investors' pre-clearance, as applicable, prior to effecting investments in the Worth-Lateral Fund and/or Non-Discretionary Private Fund. As explained in Item 4 above, each Fund's investment strategy is set forth in detail in such Fund's confidential private placement memorandum and Fund Agreement. Investors do not have the ability to impose limitations on LIM's discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool.

ITEM 17 – VOTING CLIENT SECURITIES

LIM understands and appreciates the importance of proxy voting. LIM has adopted proxy voting policies and procedures that are designed to ensure that when LIM or an Affiliated General Partner votes proxies with respect to securities held on behalf of Advisory Clients, such proxies are voted in the Advisory Clients' best interests, in the judgment of LIM to the extent reasonably practicable. The procedures also require that LIM identify and address conflicts of interest between LIM, its related persons and its Advisory Clients and their securities. LIM and/or its personnel may occasionally have business or personal relationships with the proponents of proxy voting proposals, participants in proxy voting contests, corporate directors and officers, or candidates for directorships. If a material conflict of interest is identified, LIM will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of its Advisory Clients or whether taking some other action may be more appropriate.

It should be noted that given LIM's business as a private credit and growth equity fund manager, it is anticipated that it will be extremely rare that LIM will receive proxies with respect to securities held on behalf of the Advisory Clients. However, there could be situations where private companies could have proxy issues (e.g. a private company needs approval of investors to make changes to board of directors, auditors, etc.). In such situations, LIM or an Affiliated General Partner would have authority to vote proxies on behalf of Advisory Clients. In such cases, each proxy voting proposal received by Advisory Clients would be thoroughly reviewed in order to ensure that each such proxy is voted in the best interests of the Advisory Clients holding the applicable securities.

Investors generally do not have the ability to direct proxy votes, however, if a material conflict is identified, LIM will determine what course of action is in the best interests of the affected Investors (which may include utilizing an independent third party to vote such proxies, if any). Further, LIM will determine whether it is appropriate to disclose the conflict to affected Investors or the respective investor advisory board (e.g., the applicable Limited Partner Advisory Committee) and give such Investors the opportunity to vote the proxies in question themselves.

The Chief Compliance Officer or his designee would deliver proxies in accordance with instructions related to such proxy. In the event proxy voting procedures were ever to be utilized, LIM would keep a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and LIM's response for the previous five years.

ITEM 18 – FINANCIAL INFORMATION

LIM and its affiliates do not require or solicit prepayment of advisory fees six months in advance.

LIM is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Advisory Clients or Investors.

LIM has not been the subject of any such bankruptcy petition.