

**INVESTMENT ADVISER BROCHURE
PART 2A OF FORM ADV**

NAUTIC PARTNERS, LLC

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March 29, 2019

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Nautic Partners, LLC (“Nautic Partners”). If you have any questions about the contents of this Brochure, please contact us at (401) 278-6770. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

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

MATERIAL CHANGES

Nautic Partners filed its most recent Form ADV Part 2 on August 31, 2018. This annual amendment updates the description of the business practices of Nautic Partners and its affiliates, including, but not limited to, additional information regarding Fund (as defined below) expenses, investment risks, and conflicts of interest.

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ADVISORY BUSINESS

Nautic Partners, LLC (“**Nautic Partners**”), a registered investment adviser, is a Delaware limited liability company. Nautic Partners commenced operations in June 2000. The following investment advisers are affiliated with Nautic Partners:

- Silverado Fund Partners, LLC
- Silverado III, L.P.
- Silverado IV Corp.
- Silverado V Corp.
- Nautic Capital VII, L.P.
- Nautic Capital VIII, L.P.
- Nautic Capital IX, L.P.
- Nautic Management V, L.P.
- Nautic Management VI, L.P.
- Nautic Management, LLC

(each, a “**General Partner**” and, collectively with Nautic Partners and their affiliated entities, “**Nautic**”)

Each General Partner is subject to the Advisers Act pursuant to Nautic Partners’ registration in accordance with SEC guidance. Nautic Partners and each General Partner operate as a single investment advisory firm and are all under common control. The General Partners listed above each serve as general partner to one or more Funds (as defined below) and have the authority to make investment decisions on behalf of such Funds. Nautic Partners does not directly have discretionary investment authority over any Fund, but does provide certain non-discretionary investment advice to the General Partners. Each General Partner makes all investment decisions on behalf of the respective Fund(s) it advises. Nautic Partners employs all Nautic personnel but does not directly receive advisory fees, and see “Fees and Compensation” for more detail.

Nautic provides discretionary investment advisory services to its clients, which consist of investment funds privately offered to qualified investors in the United States and elsewhere. Nautic’s clients include the following (each, a “**Fund**” and, together with any future private investment fund to which Nautic provides investment advisory services, the “**Funds**”):

<ul style="list-style-type: none"> • Fleet Equity Partners VI, L.P. • Fleet Equity Partners VII, L.P. 	“Fleet Funds”
<ul style="list-style-type: none"> • FVR LLC 	“FVR LLC”
<ul style="list-style-type: none"> • Kennedy Plaza Partners • Kennedy Plaza Partners III, LLC • Kennedy Plaza Partners VI, L.P. 	“Kennedy Plaza Funds”
<ul style="list-style-type: none"> • Endries Co-Invest, LLC 	“Endries Co-Invest”
<ul style="list-style-type: none"> • Chisholm Fund Partners, L.P. 	“Chisholm Fund”
<ul style="list-style-type: none"> • Chisholm Partners III, L.P. 	“Chisholm III”
<ul style="list-style-type: none"> • Nautic Partners V, L.P. 	“Fund V”
<ul style="list-style-type: none"> • Nautic Partners VI, L.P. • Nautic Partners VI-A, L.P. 	“Fund VI”
<ul style="list-style-type: none"> • Nautic Partners VII, L.P. • Nautic Partners VII-A, L.P. 	“Fund VII”
<ul style="list-style-type: none"> • Nautic Partners VIII, L.P. • Nautic Partners VIII-A, L.P. 	“Fund VIII”
<ul style="list-style-type: none"> • Nautic Partners IX, L.P. • Nautic Partners IX-A, L.P. 	“Fund IX”

The Funds are private equity funds and generally invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” Nautic’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Nautic generally serve on such portfolio companies’ respective boards of directors or similar governing bodies, or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Nautic’s advisory services for each Fund are detailed in each such Fund’s offering memorandum or other offering document(s) (each, a “**Memorandum**”) and limited partnership or other operating agreement(s) (each, a “**Limited Partnership Agreement**” and, as applicable, together with any relevant Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Fund investors participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the

relevant Governing Documents. The Funds or Nautic have entered, and may in the future enter, into “side letter” arrangements or other similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Governing Documents with respect to such investors.

Additionally, from time to time and as permitted under the relevant Governing Documents, Nautic expects to provide (or agree to provide) certain investors or other persons, including Nautic’s personnel and/or certain other persons associated with Nautic and/or its affiliates (to the extent not prohibited by the applicable Governing Documents), co-investment opportunities (including the opportunity to participate in co-invest vehicles) that will invest in certain portfolio companies alongside a Fund. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Nautic’s sole discretion, Nautic is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions) to compensate the relevant Fund for the holding period, and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of March 29, 2019, Nautic managed \$3.0 billion¹ in client assets on a discretionary basis. Nautic Partners is managed by Bernard V. Buonanno, III, Christopher F. Corey, Christopher J. Crosby, Habib Y. Gorgi, and Scott F. Hilinski. There are no principal owners of Nautic Partners.

FEES AND COMPENSATION

The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Governing Documents of the Funds describe fees, compensation, and expenses in greater detail.

In general, each General Partner receives a management fee and a carried interest for the advisory services it provides to clients. The General Partners or other Nautic entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (e.g., monitoring and other fees) of Funds (“**Company Fees**”) and a portion of such additional compensation will offset in whole or in part the management fees otherwise payable to Nautic in accordance with the relevant Governing Documents. Investors in the Funds also bear certain fund expenses, as described below.

¹ This figure includes \$1.55 billion in capital commitments to Nautic Partners IX, L.P. and Nautic Partners IX-A, L.P., each of which held its final closing on March 13, 2019 and March 26, 2019, respectively, and \$1.45 billion of client assets in other vehicles, based on the valuation of such assets as of December 31, 2018.

Management Fees

The following generally describes the typical fee structure of the Funds, but investors should refer to each Fund's Governing Documents as there are variations among each Fund's terms. During the commitment period of a particular Fund, such Fund generally will pay its General Partner an annual management fee (the "**Management Fee**"), payable for semi-annual periods partially in advance and partially in arrears, equal to 2% of aggregate commitments. Commencing with the first Management Fee due date after the expiration of the commitment period or earlier upon the occurrence of certain events as set forth in the applicable Governing Documents, the Management Fee will generally equal 1.65% to 2% of (i) the aggregate funded commitments, less (ii) distributions constituting returns of capital and write downs. In addition, with respect to a Fund's investment, the Management Fee for such Fund will be reduced by a specified percentage as set forth in its Governing Documents, which is generally 80% (100% with respect to Fund VII, Fund VIII and Fund IX) of: (i) any directors' fees, financial consulting fees or advisory fees earned by the applicable General Partner or employees thereof from portfolio companies; (ii) any transaction fees paid by portfolio companies to the applicable General Partner; and (iii) any break-up fees from transactions not completed that are paid to the applicable General Partner, in each case reduced by the unreimbursed expenses in generating such fees. A General Partner may retain the remaining amount of such fees that are not offset, including with respect to Funds or vehicles not bearing Management Fees. With respect to Fund VI and Fund VII, each General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment is treated under the relevant Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to a Fund. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by a General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

Additionally, as further described below and in the applicable Governing Documents of certain Funds, operating advisors, who are independent consultants ("**Operating Advisors**"), provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Operating Advisors may receive compensation, including, but not limited to, consulting and transaction fees, and such compensation will not result in additional offsets to the Management Fee.

The Management Fee of a Fund will commence as of the effective date based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Carried Interest

In general, each General Partner will be entitled to receive a carried interest with respect to the Fund(s) it advises equal to 20% of all realized profits subject to an annually compounded

preferred return and related General Partner catch-up, as more fully described in the Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of the life of a Fund if the respective General Partner has received excess cumulative distributions.

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

Other Information

Nautic generally has the right to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Nautic and/or its affiliates, or through other Funds which co-invest with the relevant Fund.

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

Certain principals and other current or former employees of Nautic are allocated salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by a General Partner as partners, members or equityholders of such General Partner.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. With the exception of the Kennedy Plaza Funds and the Fleet Funds, as set forth more fully in the applicable Governing Documents, each Fund generally will pay, or reimburse the relevant General Partner for, all other fees, costs, expenses, liabilities, and obligations related to a Fund and/or its activities, business, portfolio companies, or actual or potential investments that are not reimbursed by portfolio companies, generally including all fees, costs, expenses, liabilities, and obligations relating or attributable to: (i) activities with respect to originating, identifying, sourcing (including meeting with consultants, broker-deals, investment banks, and other sources of investments and developing an investment pipeline), structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases, or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving, or otherwise disposing of, as applicable, a Fund's portfolio companies and such Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction, consulting, or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party due diligence, and deal-sourcing software and service providers, consultants, and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by a Fund or activities in connection with seeking to put in place any such indebtedness of, or guarantees by, such Fund, the management company (if applicable), the relevant General Partner or any "affiliated partner"

on behalf of such Fund (including any credit facility, letter of credit, or similar credit support), including any interest with respect thereto; (iii) financing, commitment, origination, and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banking, and other similar services; (v) brokerage, custodian, depositary (including a depositary appointed pursuant to the Alternative Investment Fund Managers Directive (the “AIFMD”)), Swiss representative and playing agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) including any law, rule, or regulation related to the implementation thereof), sale, trustee, record keeping, account, and other similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with a Fund’s third-party administrator and administration or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals, or pricing services), consulting (including consulting, retainer, and other fees, incentive equity, stock awards, and other compensation paid to any Operating Advisors, consultants performing investment initiatives and other similar consultants), tax and other professional services; (vii) reverse breakup, termination, and other similar fees; (viii) insurance (including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums, and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles and broker fees, costs, and commissions) and any consultants or other advisors utilized in the procurement, review, and analysis of insurance policies; (ix) filing, title, transfer, survey, registration, and other similar fees and expenses; (x) printing, communications, mailing, courier, marketing, and publicity; (xi) the preparation, distribution, or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or similar forms or other communications with partners, any other administrative, compliance, or regulatory filings or reports (including Form PF, any filings or reports contemplated by AIFMD, and Bureau of Economic Analysis Reports) or other information, including fees, costs, and expenses of any third-party service providers and professionals related to the foregoing; (xii) compliance with any financial account reporting regime, including the United States Foreign Account Tax Compliance Act, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard, and any similar laws, rules, and regulations, and any fees, costs, and expenses of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining, or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, and ledger systems), or other administrative, valuation, information gathering, or reporting tools (including subscription-based services); (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with EU Data Protection Law or the Freedom of Information Act); (xv) to the extent provided in the applicable Governing Documents, or otherwise approved by the relevant General Partner in its sole discretion, activities or proceedings of the advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the relevant General Partner, the advisory board members, permitted observers, and other persons in attending or otherwise participating in meetings of the advisory board); (xvi) indemnification (including legal and any other fees, costs, and expenses incurred in connection with indemnifying any partner or other person pursuant to the applicable Governing Documents or otherwise and advancing fees, costs, and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the

applicable Governing Documents), except as otherwise set forth in the applicable Governing Documents; (xvii) actual, threatened, or otherwise anticipated litigation, mediation, arbitration, or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award, or settlement entered into in connection therewith; (xviii) any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference or meeting with any limited partner(s), in each case to the extent incurred by a Fund, the relevant General Partner, or any other affiliate of such General Partner; (xix) the Management Fee; (xx) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, cost, expense, liability, or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies, or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, any expenses incurred in connection with the formation, management, operation, termination, winding up, and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any structuring or restructuring of any entity associated with a Fund; (xxi) the termination, liquidation, winding up, or dissolution of a Fund and any legal entities owned directly or indirectly by such Fund, including such Fund's portfolio companies and related entities; (xxii) defaults by partners in the payment of any capital contributions; (xxiii) amendments to, and waivers, consents, or approvals pursuant to, the constituent documents of a Fund, any blocker fund, the relevant General Partner or an ultimate general partner, any management company (if applicable), and related entities and any alternative investment vehicle of a Fund or blocker fund, including the preparation, distribution and implementation thereof; (xxiv) compliance with any law, rule, regulation, policy, directive, or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions, anti-terrorism or environmental, social, or governance considerations), including any legal, administrator, consulting, or other third-party service provider fees, costs, and expenses related thereto and any regulatory expenses of the relevant General Partner incurred in connection with the operation of a Fund; (xxv) any litigation or governmental inquiry, investigation, or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements, or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the applicable Governing Documents; (xxvi) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner or any limited partner's name change, internal restructuring or change in registered agent; (xxvii) any taxes, fees, and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement, or review of such Fund (except to the extent that such Fund is reimbursed therefor by a partner and any costs and expenses of or related to the "partnership representative" of such Fund; (xxviii) distributions to the partners and other expenses associated with the acquisition, holding, and disposition of investments, including extraordinary expenses; (xxix) unreimbursed expenses and unpaid fees of the Operating Advisors; (xxx) compliance or regulatory matters, except as otherwise set forth in the applicable Governing Documents, including compliance with such Governing Documents and/or any letter agreement and costs and expenses incurred in connection with the most-favored-nations process contemplated by such Governing Documents; (xxxi) any travel, lodging, meals, or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and

disposition opportunities; (xxxii) any organizational expenses; (xxxiii) any placement fees; and (xxxiv) any other fees, costs, expenses, liabilities, or obligations approved by the advisory board.

As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In certain circumstances, one Fund has the ability to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. In certain circumstances, Nautic is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

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

Nautic and/or its affiliates generally have discretion over whether to charge Company Fees and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Nautic and/or its affiliates on the other hand.

Additionally, as described more fully in the applicable Governing Documents of certain Funds, Operating Advisors may provide services to certain portfolio companies of the Funds. In connection with such services, such Operating Advisors may receive consulting and transaction fees and other compensation from such portfolio companies, which does not offset the Management Fee. Such Operating Advisors may also receive compensation from Nautic as independent consultants. The use of Operating Advisors subjects Nautic to conflicts of interest, as discussed under “Methods of Analysis, Investment Strategies and Risk of Loss - Conflicts of Interest.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the General Partners generally receive a carried interest allocation on certain realized profits in the applicable Funds. A carried interest allocation represents a General Partner’s compensation based on a percentage of net profits of the

Funds it manages. Nautic also advises certain Funds or other investment vehicles that are not charged a performance-based fee (e.g., the Kennedy Plaza Funds whose investors consist of Nautic personnel, family and friends). Nautic does not believe this arrangement poses a conflict of interest in practice because the Kennedy Plaza Funds invest on a pari passu basis alongside the Funds that do pay a performance-based fee at substantially the same time and on substantially the same terms as such Funds and dispose of such investments in a similar manner.

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

For third-party co-invest vehicles that do not pay a performance-based fee, Nautic has adopted certain allocation policies and procedures to address this potential conflict of interest in accordance with the applicable Governing Documents. Nautic's general policy is to allocate investment opportunities to the applicable main Funds first (including the Kennedy Plaza Funds) and then to permit certain third-party co-invest vehicles to participate in a particular investment opportunity if there is excess capacity in such investment. In addition, such third-party co-invest vehicles generally make investments alongside and at the same time as such main Funds on substantially the same terms and conditions. For further information, please see "Methods of Analysis, Investment Strategies and Risk of Loss - Conflicts of Interest."

TYPES OF CLIENTS

Nautic provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Nautic and its affiliates and members of their families, Operating Advisors or other service providers retained by Nautic.

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

The Funds generally have a minimum investment amount of \$10 million for third-party investors. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) for certain Funds, either "qualified purchasers" or "knowledgeable employees" as each

such term is defined under the Investment Company Act. Nautic may waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The Funds generally pursue lower-middle and middle-market private equity investments in a variety of growth, consolidation, and buyout opportunities, primarily in outsourced services, industrial products, and healthcare companies.

The following is a summary of the investment strategies and methods of analysis generally employed by Nautic on behalf of its active Funds. More detailed descriptions of such Funds' investment strategies and methods of analysis are included in the applicable Governing Documents for each Fund. There can be no assurance that Nautic will achieve the investment objectives of any of the Funds and a loss of investment is possible.

Investment and Operating Strategy

Nautic primarily seeks to make equity and equity-related investments of \$25 million or more in a variety of growth, consolidation, and buyout opportunities of middle market companies based in North America with EBITDA generally between \$5 million and \$50 million.

The key components of Nautic's investment strategy include:

- i. Differentiated market insight and domain expertise through the continued emphasis on Nautic's sector specialization efforts in healthcare, industrial products, and outsourced services;
- ii. Active post-investment value creation through Nautic's hands-on investment approach, utilizing the breadth of Nautic's investment staff, its Operating Advisors, and its expansive network of executive relationships;
- iii. Advantaged sourcing of proven middle market businesses through Nautic's investment staff, its dedicated Business Development staff, and its proprietary relationship networks; and
- iv. A longstanding reputation as a "partner of choice" for sellers and management teams based on Nautic's experience and core set of values.

Nautic believes that, by continuing to adhere to this investment strategy, it can produce strong returns across a variety of economic and industry cycles.

Differentiated Market Insight and Domain Expertise

Sector specialization is an important part of Nautic's differentiated investment strategy. Nautic expects to focus on three key sectors: (i) healthcare; (ii) industrial products; and (iii) outsourced services. By leveraging its experience in these sectors, Nautic is able to better define

its target investment criteria and make more informed investment decisions. Over the past 33 years, Nautic has developed deep domain expertise and fostered a number of long-term relationships, which combined, have led to disciplined pricing decisions, efficient investment execution, stronger partnerships with management, better insight into potential value-add activities post-investment, and timely exits. In addition, Nautic believes that deep sector knowledge often leads to an ability to recognize and understand underlying investment value more quickly than the competition, resulting in a more thorough and efficient due diligence process that focuses on the critical success drivers of a target business.

Active Post-Investment Value Creation

Nautic believes that its post-investment, value-added activities have been and will continue to be a critical component of Nautic's success. While Nautic seeks to invest in successful companies with strong management and identified, actionable growth and operating efficiency opportunities, Nautic engages with each portfolio company to assist the management teams with various aspects of the value creation initiatives.

Advantaged Sourcing

Nautic has developed a comprehensive deal-sourcing strategy that it believes provides for a distinct competitive advantage. With over 180 years of combined private equity investment experience, Nautic's investment professionals have developed an extensive network of both personal and professional relationships throughout the private equity and business communities.

Longstanding Reputation as a "Partner of Choice" for Sellers and Management Teams

Since its inception, Nautic has worked to instill and maintain a firm-wide culture in which each Nautic professional approaches all personal interactions, both internally and externally, with humility and mutual respect. Members of the firm are responsible for maximizing their contribution to Nautic, but not at the expense of others. Nautic understands that its reputation as a highly-desirable business partner is based on upholding Nautic's values, and that the culture of the firm represents a critical element of Nautic's continued success.

Risks of Investment

The Funds and their investors bear the risk of loss that Nautic's investment strategy entails. Although the following risk factors are generally applicable to Nautic's Funds, investors should also refer to each Fund's Memorandum for risk factors specific to such Fund. The risks involved with Nautic's investment strategy and an investment in a Fund include, but are not limited to:

Business Risks. Each Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of Nautic's prior investments is not necessarily indicative of a Fund's future results. While Nautic intends for the Funds to make investments that have estimated returns commensurate with the expected risks undertaken, there

can be no assurance that positive returns will be achieved. On any given investment, or with respect to a Fund as a whole, loss of principal is possible.

Investment in Junior Securities. 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. Although a Fund may make investments in debt securities, which may be secured by specific collateral, there will generally be no collateral to protect an investment once made.

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

Concentration of Investments. Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, such Fund may invest in fewer portfolio companies and thus be less diversified. In circumstances where the relevant General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear management fees through a Fund during the applicable investment period based on the entire amount of the limited partner's commitment and other expenses as set forth in the applicable Governing Documents.

Dynamic Investment Strategy. While each General Partner generally intends to seek attractive returns for a Fund primarily through making private equity investments as described herein, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. A General Partner may pursue investments outside of the industries and sectors in which Nautic has previously made investments or has internal operational experience.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which a Fund may invest, including various segments of the healthcare industry, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly

dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare industry, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to the General Partner of such Fund) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded capital commitments.

Leveraged Investments. A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities

managed by the relevant General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

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

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

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

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

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

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

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a Fund's investments and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind by a Fund to its partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the applicable Governing Documents, including the value used to determine the amount of carried interest available to the relevant General Partner with respect to such investment.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of a Fund will be vested with the General Partner of such Fund, and such Fund's future profitability will depend largely upon the business and investment acumen of Nautic. The loss or reduction of service of one or more of the principals of Nautic could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the General Partner of such Fund. In addition, certain changes in a General Partner or circumstances relating to a General Partner may have an adverse effect on the applicable Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although each General Partner will monitor the performance of investments made by its applicable Fund, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with each Fund's objectives.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential

investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Nautic in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Public Company Holdings. A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject such Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals of Nautic, and increased costs associated with each of the aforementioned risks.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to

cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Dilution. Limited partners admitted or that increase their respective capital commitments to a Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions. Dilution risk applies to limited partners as well as any parallel funds and co-investors. The risk of dilution increases as a Fund's subscription period increases and/or the amount of time an investment is held by such Fund before co-investors' investments. The applicable Governing Documents generally provides the purchase price borne by subsequent limited partners, which includes subscriptions by limited partners to parallel funds, will be the original purchase price plus accrued interest, subject to the relevant General Partner's ability to utilize an equitable adjustment for such subsequent investors. For the avoidance of doubt, equitable adjustments are not expected to occur, except in limited circumstances to account for consummated exits from investments prior to such rebalancing, including full realizations, partial realizations, dividend recapitalizations or similar events. This dilution risk can result in conflicts of interest between the relevant General Partner and limited partners, including, but not limited to, unrealized investments that have appreciated in value and a General Partner's interests to increase a Fund's size and resulting management fees and additional carried interest potential.

Director Liability. A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various

politicians, regulators, and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have. Additionally, recently enacted U.S. federal income tax legislation treats certain allocations of capital gains to service providers by partnerships such as the Fund as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of individuals associated with the Fund or Nautic who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for Nautic and its affiliates to incentivize, attract and retain individuals to perform services for the Fund.

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

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

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

be able to participate in all potential investment opportunities that fall within its investment objectives.

Hedging Arrangements; Related Regulations. A General Partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Unfunded Pension Liabilities of Portfolio Companies. Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although each General Partner intends to manage the Funds' investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by a Fund. When estimating fair value, the relevant General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. Such valuations are subject to the relevant General Partner's discretion and may change from time to time without notice to investors. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by a General Partner

may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

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

Conflicts of Interest

Nautic and its related entities engage in a broad range of advisory and non-advisory activities. Nautic will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Nautic conducting its activities, the interests of a Fund may conflict with the interests of Nautic, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Nautic will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the commitment period of the current active Fund, Nautic will pursue all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions. However, Nautic currently manages, and expects in the future to manage, several other investment funds and investments similar to those in which the current active Fund will be investing, and may direct certain relevant investment opportunities to those investment funds and investments. Nautic's investment staff will continue to manage and monitor such investment funds and investments until their realization. Nautic's significant investment in the Funds, as well as Nautic's receipt of carried interest, where applicable, operate to align, to some extent, the interest of Nautic with the interest of the partners, although Nautic has economic interests in such other investment funds and investments, as well, including management fees and carried interest relating to such other investment funds and investments. Following the commitment period of a particular Fund, Nautic may and likely will focus its investment activities on other opportunities and areas unrelated to such Fund's investments. Such other investments that Nautic may control or manage may potentially compete with companies acquired by a Fund.

In rare instances (e.g., when Nautic is advising two Funds that are actively investing at the same time, typically at the end of one Fund's investment period and the beginning of another Fund's investment period), Nautic may be presented with investment opportunities that would be suitable for more than one of the Funds and other investment vehicles operated by Nautic. In determining which investment vehicles should participate in such investment opportunities, Nautic and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of Nautic in a portfolio company may also raise the risk of using assets of a client of Nautic to support positions taken by other clients of Nautic.

Nautic must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Nautic generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Governing Documents, investment objectives, strategies, life-cycle and structure, as well as factors including, but not limited to: a Fund's investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits, investor sophistication, investment timing, investment sourcing and other relevant factors, including risk. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund may invest together with other Funds advised by an affiliated adviser of Nautic in the manner set forth in the relevant Governing Documents and Nautic's Investment Allocations Policy.

Following such determination of allocation among Funds, Nautic will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Governing Documents, side letter arrangements and Nautic's procedures regarding allocation. Nautic's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory and/or securities law considerations (e.g., qualified purchaser or qualified institutional buyer status); and other appropriate factors.

When and to the extent that employees and related persons of Nautic and its affiliates make capital investments in or alongside certain Funds, Nautic and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Nautic's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Nautic will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Nautic may be subject, discussed herein, did not exist.

In certain cases, Nautic will have opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Nautic will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

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

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

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

As a result of the Funds' controlling interests in portfolio companies, Nautic and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Nautic personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Nautic and/or its affiliates. Unless such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to Nautic.

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

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

Although uncommon, from time to time Nautic may cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by Nautic, or co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Nautic intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to

each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although Nautic generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, Nautic intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Nautic and/or its affiliates may also, from time to time, employ personnel with preexisting ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Nautic and/or its affiliates; conversely, former personnel or executives of Nautic and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Nautic. Similarly, Nautic, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities may invest (or may be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Nautic and/or its affiliates, and/or the Funds or other investment vehicles they advise. Nautic may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Nautic information about markets and industries in which Nautic operates (or is contemplating operations) or will provide other services that are beneficial to Nautic. Nautic may have a conflict of interest in making such recommendations, in that Nautic has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio company held by a Fund.

In certain circumstances, former Nautic personnel may serve in interim or part-time roles at a portfolio company, or may provide services to a portfolio company as a secondee or in similar capacities. Under such arrangements, Nautic and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold.

Nautic, its affiliates, and equityholders, officers, principals and employees of Nautic and its affiliates may buy or sell securities or other instruments that Nautic has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Nautic have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Nautic, are reimbursed by a Fund and/or its portfolio companies, Nautic may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

In addition, as described above, and as more fully described in the Governing Documents of certain Funds, portfolio companies typically pay certain fees to Operating Advisors (including consultants introduced or arranged by Nautic and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Such Operating Advisors may also receive compensation from Nautic as independent consultants. Although the use of Operating Advisors and the allocation of compensation paid to them by Nautic, its affiliates and/or the portfolio companies subjects Nautic and/or its affiliates to potential conflicts of interest, Nautic believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Operating Advisor(s) is lower than market rates for the services provided and/or if the services of the Operating Advisor(s) align with Nautic's model for the portfolio company and improve portfolio company performance. Although Nautic seeks to retain Operating Advisors with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Nautic also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Nautic believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Operating Advisors and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Because Nautic's carried interest is based on a percentage of net realized profits, it may create an incentive for Nautic to cause a Fund to make riskier or more speculative investments (or hold investments for longer periods) than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Nautic may not otherwise have done so.

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

The General Partners serve as investment manager to various co-investment vehicles, including the Kennedy Plaza Funds, which invest alongside the Funds in portfolio companies (the “**Co-Invest Funds**”). The Kennedy Plaza Funds, in which friends and family of Nautic personnel invest, do not pay a management fee or carried interest and invest side-by-side with the applicable Funds. Other Co-Invest Funds, in which third parties invest (the “**External Co-Invest Funds**”), may pay a management fee and carried interest, and may bear certain Co-Invest Fund partnership expenses (e.g., the pro rata legal and other expenses associated with a portfolio company investment, audit expenses, etc.). Nautic will select which investors are permitted to invest in the External Co-Invest Funds. In addition, Nautic will select which investors may be permitted to co-invest directly in a portfolio company based on various factors, which may include the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons as more fully described in the applicable Governing Documents. Nautic is not obligated to make co-investment opportunities available to any particular investors or limited partners.

In addition, Nautic has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Nautic has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option.

Any of these situations subjects Nautic and/or its affiliates to potential conflicts of interest. Nautic attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Nautic’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Nautic will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Nautic consults and receives consent to conflicts from an advisory board consisting of limited partners of each applicable Fund and, if applicable, the similar body of such other applicable investment vehicles.

DISCIPLINARY INFORMATION

Nautic and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under “Advisory Business” above, Nautic Partners is affiliated with the following General Partners registered with the SEC as investment advisers under the Advisers Act pursuant to Nautic Partners’ registration in accordance with SEC guidance:

- Nautic Management V, L.P. (general partner of Fund V and manager of Kennedy Plaza Partners III, LLC)

- Nautic Management VI, L.P. (manager of Kennedy Plaza Partners VI, L.P., and general partner of Nautic Partners VI, L.P. and Nautic Partners VI-A, L.P.)
- Nautic Capital VII, L.P. (general partner of Fund VII)
- Nautic Capital VIII, L.P. (general partner of Fund VIII, managing member of Endries Co-Invest)
- Nautic Capital IX, L.P. (general partner of Fund IX)
- Silverado III, L.P. (general partner of Chisholm III)
- Silverado IV Corp. (general partner of Fleet Equity Partners VI, L.P.)
- Silverado V Corp. (general partner of Fleet Equity Partners VII, L.P.)
- Silverado Fund Partners, LLC (general partner of Chisholm Fund)
- Nautic Management, LLC (general partner of Kennedy Plaza Partners VI, L.P.)

These affiliated investment advisers operate as a single advisory business together with Nautic Partners and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

Nautic has adopted the Nautic Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of Nautic principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Nautic personnel and Operating Advisors to:

- report their personal securities holdings and transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to Charles R. Bartolini, the Chief Compliance Officer, at (401) 278-6770. Personal securities transactions by Nautic personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Nautic and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about companies which, if disclosed, might affect an

investor's decision to buy, sell or hold a security. Under applicable law, Nautic and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Nautic.

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

Principals and employees of Nautic and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of Nautic, as well as third-party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Additionally, a Fund may invest together with other private investment funds advised by an affiliated adviser of Nautic in the manner set forth in the Governing Documents. Nautic will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and Nautic's investment allocation policy.

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

BROKERAGE PRACTICES

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

If Nautic sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Nautic. In such event, Nautic will seek to select brokers on the basis of best price and execution capability. In selecting

a broker to execute client transactions, Nautic may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

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

Consistent with Nautic seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Nautic generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers would be used to service all of Nautic’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Nautic, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

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

Nautic does not anticipate engaging in significant public securities transactions; however, to the extent that Nautic engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Nautic may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Nautic may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

Batched transactions are executed in a manner intended to ensure that no participating Fund of Nautic is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds. Each Fund generally will receive

the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Nautic closely monitors companies in which the Funds invest. In addition, the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

Other than with respect to the Kennedy Plaza Funds and the Fleet Legacy Funds, as specified in the respective Governing Documents, Nautic generally will provide to its limited partners (i) GAAP audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year and (iii) annual tax information necessary for each partner's U.S. tax return.

CLIENT REFERRALS AND OTHER COMPENSATION

Nautic and/or its affiliates may provide certain transaction or professional consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation may, in certain circumstances, offset a portion of the Management Fees paid by a Fund. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. Nautic or certain of its affiliates may have the right to receive certain non-investment advisory fees in connection with the Funds' investments and portfolio companies. For example, Nautic or certain of its affiliates may be entitled to receive (i) transaction or professional services fees from a portfolio company in connection with certain transactions ("**Professional Service Fees**") and (ii) certain monitoring or consulting fees from a portfolio company for services provided to the portfolio company. A certain percentage of such fees generally are offset against the Management Fee.

From time to time, Nautic may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by Nautic indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

CUSTODY

As required by the Advisers Act, Nautic has established an account with the following qualified custodians to hold funds and securities on behalf of the Funds: Bank of America Corporation, Computershare, Credit Suisse Securities, Deutsche Bank, Merrill Lynch, Morgan Stanley Smith Barney, and Silicon Valley Bank.

INVESTMENT DISCRETION

Nautic has discretionary authority to manage investments on behalf of the Funds. As a general policy, Nautic does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Nautic may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other agreed upon reasons Nautic assumes this discretionary authority pursuant to the terms of the Governing Documents.

VOTING CLIENT SECURITIES

Nautic has adopted the Proxy Voting Policies and Procedures (the **"Proxy Policy"**) to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Nautic votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Nautic generally believes its interests are aligned with those of a Fund's investors, for example, through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Nautic may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve Nautic's vote in a particular solicitation. Nautic does not consider service on portfolio company boards by Nautic personnel or Nautic's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Nautic when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Nautic's complete Proxy Policy or information regarding how Nautic voted proxies for particular portfolio companies may contact Charles R. Bartolini, the Chief Compliance Officer, at (401) 278-6770, and it will be provided at no charge.

FINANCIAL INFORMATION

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

**INVESTMENT ADVISER BROCHURE SUPPLEMENT
PART 2B OF FORM ADV**

NAUTIC PARTNERS, LLC

**50 Kennedy Plaza, 12th Floor
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March 29, 2019

This brochure supplement provides information about Bernard Buonanno, III, Christopher Corey, Christopher Crosby, Habib Gorgi, Scott Hilinski, and Charles Bartolini. This information supplements the Nautic Partners, LLC brochure. If you have not received the brochure or have questions about this supplement, please contact us at (401) 278-6770.

Bernard Buonanno, III (53)

Educational Background and Business Experience

Mr. Buonanno joined Fleet Equity Partners, the predecessor to Nautic Partners, in 1993. Prior to joining Fleet Equity Partners, Mr. Buonanno was a member of the Mergers and Acquisitions Department of Prudential-Bache Capital Funding. Mr. Buonanno currently serves on the Investment Committee of Nautic Management V, L.P. and the Investment and Executive Committees of Nautic Management VI, L.P., Nautic Capital VII, L.P., Nautic Capital VIII, L.P., and Nautic Capital IX, L.P. In addition, Mr. Buonanno currently serves on the Boards of Directors of Aerostar Holdings, LLC; CWS Holding Company, LLC; NLS Holdings LLC (LifeStreet Media); S4T Holdings, LLC; and Vantage Mobility Holdings, LLC. Mr. Buonanno received an AB from Brown University and an MBA from the Harvard Business School.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Buonanno.

Other Business Activities

Mr. Buonanno is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

Additional Compensation

Mr. Buonanno does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Nautic, Mr. Buonanno is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Buonanno, with respect to Nautic's compliance policies and procedures.

Christopher Corey (43)

Educational Background and Business Experience

Mr. Corey joined Nautic Partners in 2008. Prior to joining Nautic Partners, Mr. Corey was employed by the private equity group at J.H. Whitney & Co. Mr. Corey currently serves on the Investment and Executive Committees of Nautic Capital VIII, L.P. and Nautic Capital IX, L.P. In addition, Mr. Corey currently serves on the Boards of Directors of Curahealth Hospitals; ECP Holding Company, LLC (ExactCare); Healthy Eyes Advantage Holding Company, LLC; NLS Holdings LLC (LifeStreet Media); and Specialty Networks, LLC. Mr. Corey received a BA from Assumption College and MBA from Columbia University.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Corey.

Other Business Activities

Mr. Corey is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

Additional Compensation

Mr. Corey does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Nautic, Mr. Corey is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Corey, with respect to Nautic's compliance policies and procedures.

Christopher Crosby (48)

Educational Background and Business Experience

Mr. Crosby joined Nautic Partners in 2001. Prior to joining Nautic Partners, Mr. Crosby was a Principal at McCown De Leeuw & Co., and was employed at Indosuez Capital and Kidder Peabody & Co. Mr. Crosby currently serves on the Investment Committee of Nautic Capital VII, L.P. and the Investment and Executive Committees of Nautic Capital VIII, L.P. and Nautic Capital IX, L.P. In addition, Mr. Crosby currently serves on the Boards of Directors of IHCS/CMS Holdings, LLC and Mikart Holdco, LLC. Mr. Crosby received a BA from Boston College and an MBA from the Harvard Business School.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Crosby.

Other Business Activities

Mr. Crosby is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

Additional Compensation

Mr. Crosby does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Nautic, Mr. Crosby is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Crosby, with respect to Nautic's compliance policies and procedures.

Habib Gorgi (62)

Educational Background and Business Experience

Mr. Gorgi was a Founder of Fleet Equity Partners, the predecessor to Nautic Partners, in 1986 and Nautic Partners in 2000. Mr. Gorgi currently serves as Chairman of the Investment Committees for Nautic Management V, L.P., Nautic Management VI, L.P., and Nautic Capital VII, L.P. and serves on the Investment and Executive Committees of Nautic Management VI, L.P., Nautic Capital VII, L.P., and Nautic Capital VIII, L.P. Mr. Gorgi currently serves on the Board of Directors for 1105 Media Holdings, LLC; CCD Holdings, L.P. (Canada Cartage); Curtis Industries Holdings, LLC; HB Performance Systems Holdings LLC; Respond2 Communications Holdings, LLC; Simonds International Holding, Inc.; and Simonds Holding, Inc. Mr. Gorgi received an AB from Brown University and an MBA from Columbia University.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Gorgi.

Other Business Activities

Mr. Gorgi is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

Additional Compensation

Mr. Gorgi does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Nautic, Mr. Gorgi is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Gorgi, with respect to Nautic's compliance policies and procedures.

Scott Hilinski (50)

Educational Background and Business Experience

Mr. Hilinski joined Fleet Equity Partners, the predecessor to Nautic Partners, in 1995. Prior to joining Fleet Equity Partners, Mr. Hilinski was employed at TA Associates and had prior experience at Deloitte & Touche Management Consulting in the healthcare consulting area. Mr. Hilinski currently serves on the Investment and Executive Committees of Nautic Management VI, L.P., Nautic Capital VII, L.P., Nautic Capital VIII, L.P., and Nautic Capital IX, L.P. In addition, Mr. Hilinski currently serves on the Boards of Directors of Curahealth Hospitals; ECP Holding Company, LLC (ExactCare); Healthy Eyes Advantage Holding Company, LLC; IHCS/CMS Holdings, LLC; Mikart Holdco, LLC; and Specialty Networks, LLC. Mr. Hilinski received an AB from Harvard College.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Hilinski.

Other Business Activities

Mr. Hilinski is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

Additional Compensation

Mr. Hilinski does not receive any additional compensation that is required to be disclosed.

Supervision

As a Managing Director of Nautic, Mr. Hilinski is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Hilinski, with respect to Nautic's compliance policies and procedures.

Charles Bartolini (59)

Educational Background and Business Experience

Mr. Bartolini joined Fleet Equity Partners, the predecessor to Nautic Partners, in 1995. Prior to joining Fleet Equity Partners, Mr. Bartolini was employed as a Certified Public Accountant and held various managerial level accounting positions in the financial services industry over a 15-year period. Mr. Bartolini is the firm's Chief Financial Officer and Chief Compliance Officer and manages the finance, accounting, tax and compliance functions. Mr. Bartolini received a Bachelor of Science degree in accounting from Stonehill College and is a Certified Public Accountant and a Chartered Global Management Accountant.

Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Bartolini.

Other Business Activities

Mr. Bartolini is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

Additional Compensation

Mr. Bartolini does not receive any additional compensation that is required to be disclosed.

Supervision

Mr. Bartolini is the Chief Financial Officer and Chief Compliance Officer at Nautic and certain of his activities with respect to Nautic's accounting and compliance policies and procedures are supervised by Bernard Buonanno, III and Habib Gorgi, Managing Directors and Executive Committee members; and Allan Petersen, Managing Director of Investor Relations.