

Item 1. Cover Page

Atlas FRM LLC
(d/b/a Atlas Holdings LLC)
Part 2A of Form ADV
Investment Adviser Brochure

March 29, 2019

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Atlas FRM LLC (d/b/a Atlas Holdings LLC) (referred to herein as “Atlas”). If you have any questions about the contents of this Brochure, please contact Michael P. O'Donnell, Chief Compliance Officer, at 203.983.7906 or via email at modonnell@atlasholdingsllc.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT ATLAS OR ANY OF THE PRINCIPALS OR EMPLOYEES OF ATLAS POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2 - Material Changes

This section of the Brochure, dated as of March 29, 2019, provides a summary of material changes, if any, made to this Brochure since it was last filed with the SEC on March 30, 2018 (the “Prior Brochure”). Relevant changes include:

- Certain clarifications in the section titled “Performance-Based Fees and Side-by-Side Management”;
- Certain updates and clarifying amendments to the section titled “Types of Clients”;
- Disclosure regarding investment advice provided by Atlas to the Atlas Innovation Entities (as defined below); and
- Clarification regarding the fees and expenses borne by Atlas Funds in the section titled “Fees and Compensation”.

In addition, this Brochure contains other routine annual updates.

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Item 4 - Advisory Business

Atlas FRM LLC (d/b/a Atlas Holdings LLC) ("Atlas") is a private equity firm that specializes in control investments in distressed companies and situations as further described herein. Atlas has been in the investment advisory business since 2007. The principal owners of Atlas are Andrew Bursky and Timothy Fazio.

Atlas' investment advisory business is principally focused on providing advisory services to one or more pooled investment vehicles (the "Direct Funds") organized to make private equity investments in privately-held distressed middle-market companies whose complex problems mask their intrinsic value. The Direct Funds primarily seek to acquire controlling interests in middle-market companies undergoing financial or operational stress in sectors in which Atlas, its principals, Operating Partners (as defined below in "*Item 5 - Fees and Compensation – Other Fees and Expenses*") and their respective affiliates have operating expertise. Such sectors principally include building materials, energy, capital equipment, chemicals, metal processing and fabrication, packaging, and paper products sectors, both as a manufacturer and as a service provider or distributor. The Direct Funds will invest in debt and equity securities, typically in complex environments, including bankruptcies, restructurings, reorganizations and corporate spin-offs.

Atlas also provides advisory services to a single fund-of-funds, Atlas International Investors, LP ("Atlas International"), as well as single purpose investment entities that invest in, generally as non-control investors, early-stage technology companies (the "Atlas Innovation Entities" and, collectively with Atlas International and the Direct Funds, the "Atlas Funds"). Atlas International, which is past its investment period and has ceased making new investments, invested in third-party managed private equity funds that primarily targeted growth equity investments in international markets.

Generally, a related person of Atlas acts as the general partner of each Atlas Fund, and Atlas (directly or indirectly through an affiliate) serves as investment adviser to each Atlas Fund. References to Atlas in this Brochure include, as the context requires, affiliates through which Atlas provides investment advisory services or that act in any capacity referenced in the previous sentence.

Atlas tailors its advisory services to the specific investment objectives and restrictions of each Atlas Fund set forth in such Atlas Fund's limited partnership agreement and investment management agreement. Investors and prospective investors of each Atlas Fund should refer to the confidential private placement memorandum, limited partnership agreement, and/or other governing documents (collectively, the "Governing Documents") of the applicable Atlas Fund for complete information on the investment objectives and investment restrictions with respect to such Atlas Fund. There is no assurance that the investment objectives of any Atlas Fund will be achieved.

Atlas, the Atlas Funds and/or their general partners enter into “side letters” or similar agreements with certain investors pursuant to which such investor is granted specific rights, benefits, or privileges, and neither such side letters nor the rights, benefits or privileges granted thereunder are required to be made available to all investors.

Atlas does not participate in any wrap fee programs.

Atlas manages all client assets on a discretionary basis in accordance with the terms and conditions of each Atlas Fund’s Governing Documents. As of December 31, 2018, the amount of assets Atlas manages on a discretionary basis is \$3,436,995,671.

Item 5 - Fees and Compensation

Compensation and Fee Schedules

As compensation for investment advisory services rendered to the Direct Funds, Atlas typically receives a management fee (each, a “Management Fee”) from each such Direct Fund. Additionally, as compensation for investment advisory services rendered to the Atlas Innovation Entities, Atlas typically receives performance-based compensation from such entities. All investors and prospective investors should review the Governing Documents of each Atlas Fund in conjunction with this Brochure for complete information on the fees and compensation payable in connection with a particular Atlas Fund. Different Atlas Funds are subject to different management fees and performance-based compensation arrangements. In limited circumstances, the advisory fees payable to Atlas by individual investors in the Atlas Funds is negotiable and/or waived. Investors and prospective investors in each Atlas Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. With the exception of Atlas International, all other advisory clients (i.e., the Direct Funds and the Atlas Innovation Entities) are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Company Act”). Consequently, Atlas is not required to include specific fee information in this Brochure relating to the Direct Funds.

With respect to Atlas International, an affiliate of Atlas is entitled to receive an annual management fee generally equal to 1% per annum of the capital commitment of each limited partner of Atlas International. However, effective with the fee period that commenced January 1, 2012, Atlas elected to fully waive such management fee. In addition, an affiliate of Atlas receives a carried interest allocation from Atlas International ranging from 5% to 15% of the cumulative gross realized profits attributable to Atlas International after each partner of Atlas International has each received an amount equal to 108% of the capital such partner contributed to Atlas International. The specific percentage of cumulative gross realized profits that such Atlas affiliate receives as a carried interest allocation is tied to Atlas International’s internal rate of return.

Deduction of Fees; Timing of Payments; Termination

Atlas charges and deducts Management Fees directly from the Atlas Funds pursuant to the terms of the Governing Documents. Payment of Management Fees is generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of each of the Atlas Funds for complete information on the timing of advisory fee payments. Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable.

Other Fees and Expenses

Atlas and its affiliates provide financial advisory and monitoring services to portfolio companies and prospective portfolio companies (“Related Services”) as requested from time to time by the Board of Managers or other governing body of a portfolio company, which typically include: (i) advice in connection with the negotiation and consummation of agreements, contracts, documents and instruments necessary to provide such portfolio company with financing on terms and conditions satisfactory to the portfolio company; (ii) financial advice and monitoring in connection with the portfolio company’s operations, including, without limitation, advice with respect to the development and implementation of strategies for improving the operating, marketing and financial performance of the portfolio company and its affiliates; (iii) advice in connection with financing, acquisition, disposition, merger, combination and change of control transactions involving the portfolio company; and (iv) such other advice (which may include financial and strategic planning and analysis, consulting services and executive recruitment advice) as Atlas and the portfolio company may from time to time agree. Atlas and its affiliated entities will receive fees from actual or prospective portfolio companies of the Direct Funds in connection with Related Services (all such fees, “Portfolio Company Remuneration”), and will also be reimbursed for its expenses in respect of Related Services and otherwise.

Portfolio Company Remuneration may be substantial and may be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. Generally, under the terms of the applicable Governing Documents, the Portfolio Company Remuneration is net of various out-of-pocket costs and expenses, including costs and expenses incurred by Atlas in connection with consummated or unconsummated transactions (including travel expenses and meals and entertainment expenses) or in connection with generating any such fees, as well as Third Party Fees. Although Portfolio Company Remuneration paid to Atlas is in addition to the Management Fees, to mitigate potential conflicts of interest, Atlas will, in accordance with the terms of the applicable Governing Documents, offset and reduce a portion of Management Fees payable by the applicable Atlas Fund by the such net Portfolio Company Remuneration, or otherwise remit such benefits to the limited partners of such Direct Fund. Rather than receive and retain Portfolio Company Remuneration, Atlas may agree to remit or share (or cause a portfolio company or other payor to remit) a portion of any such fees to one or more unaffiliated third parties (a “Third Party Fees”), such as a

consultant, Operating Partner, adviser, finder, broker, lender or investment bank. In such event, under the terms of the applicable Governing Documents, such Third-Party Fee will be deducted from the Portfolio Company Remuneration deemed received by Atlas, and therefor will not be included in the amounts that offset management fees of the applicable Direct Fund. “Operating Partners” are industry executives and professionals that have a relationship with Atlas that Atlas expects will add value to the Atlas Funds their respective portfolio companies and their activities.

Any fees, compensation, incentive equity and other awards paid to Operating Partners or other similar consultants from a portfolio company are not included as “*Portfolio Company Remuneration*” under the applicable Governing Documents. The definition of and calculation of the amount of such Portfolio Company Remuneration that is used to offset the Management Fees and Direct Fund expenses is set forth in the applicable Governing Documents. For a discussion of material conflicts of interest created by the receipt of such Portfolio Company Remuneration, please see Item 11 below.

The amount of Management Fees, fund expenses, and the amount of the offset relating to Portfolio Company Remuneration as described above will generally differ from one Direct Fund to another. Some Atlas Funds do not currently pay Management Fees. The Management Fees borne by an investor is subject to waiver or reduction by Atlas, in its sole discretion, both voluntarily and on a negotiated basis. In addition, the investment in Atlas Funds by Atlas and certain of its current and former principals and employees typically is not subject to Management Fees.

To the extent provided in the Governing Documents of the Atlas Funds, Atlas is responsible for paying certain of its own operating expenses, including expenses for rent, equipment, compensation of its partners and employees (other than Carried Interest described in Item 6 below) and other ordinary overhead and administrative expenses relating to the services and facilities provided by Atlas to the Atlas Funds. A portfolio company of a Direct Fund will generally reimburse Atlas for expenses (including, without limitation, travel-related expenses (e.g., transportation, lodging, meals and entertainment)) incurred by Atlas in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not considered Portfolio Company Remuneration under the terms of the applicable Governing Documents. Consistent with the Governing Documents of the applicable Atlas Fund, each Atlas Fund will bear all expenses relating to its activities, investments and business, to the extent not borne by its portfolio companies or Atlas (as set forth above), including, without limitation, (a) organizational and capital raising expenses; (b) Management Fees; (c) any placement agent fees (subject to any Management Fee offset required under the Governing Documents of the applicable Atlas Fund); (d) all costs and expenses incurred by the Atlas Fund, its general partner, Atlas or their respective employees and/or other agents in connection with (1) investigating, evaluating, developing, negotiating, structuring, consummating, acquiring, trading, settling, maintaining, holding, monitoring and disposing of securities, including, without limitation, and regardless of whether or not the relevant investment is consummated: legal, accounting, auditing, consulting and other fees and expenses; registration expenses; commissions; finders’, brokerage, prime brokerage, merger, custodial banking, due diligence, broken deal and other fees and

expenses; and all travel and related expenses (*e.g.*, accommodations, meals and entertainment) incurred in connection with the foregoing, including the use of private air travel when deemed appropriate by Atlas in its reasonable discretion; (2) legal, tax, auditing, accounting, administration, custodial, consulting and other services related to the Atlas Fund (including (A) expenses associated with the preparation of the Atlas Fund's financial statements, tax returns and Schedule K-1s and (B) all or a portion of the reasonable fees and expenses of any Operating Partner paid by Atlas that Atlas determines in good faith should be reimbursed by the Atlas Fund); (3) all expenses of the Atlas Fund's advisory board; (4) any credit facility, guarantee, line of credit, loan commitment, letter of credit or similar credit support or other indebtedness involving the Atlas Fund or any of its portfolio investments (including any fees, costs and expenses incurred in obtaining such borrowings and indebtedness and interest arising out of such borrowings and indebtedness); (5) the managed distribution of marketable securities; (6) risk management assessments and analysis of the Atlas Fund's assets; (7) obtaining research and other information for the benefit of the Atlas Fund, including market data costs, information service subscriptions, research-related expenses, including news and quotation equipment, software and services; (8) any investigation, litigation and/or threatened litigation involving the Atlas Fund, its general partner or certain affiliates; (9) indemnification incurred pursuant to the Atlas Fund's Governing Documents; (10) complying with (or facilitating compliance with) any applicable law, rule or regulation (including legal fees, costs and expenses), regulatory filing or other expenses of the Atlas Fund, its general partner or Atlas, including Form PF filings and any compliance, filings or other obligation related to or arising out of the Alternative Investment Fund Managers Directive 2011/61/EU, in each case, involving or otherwise related to the Atlas Fund; (11) complying with tax withholding and other information reporting regimes, including the Foreign Account Reporting Regimes, the Common Reporting Standards, the Bureau of Economic Analysis reporting and similar laws or regulations; (12) developing, licensing, implementing, maintaining or upgrading (A) any web portal or extranet tools for the benefit of the Atlas Fund or its investors and/or (B) software for the benefit of the Atlas Fund, its investors or its portfolio investments; and (13) annual or other meetings of the investors of the Atlas Fund, whether individually or as a group, including all travel and related expenses (*e.g.*, accommodations, meals and entertainment) incurred by any Atlas person or Operating Partner in connection with the foregoing; (e) any taxes or other governmental charges incurred or payable by the Atlas Fund; (f) premiums and fees for liability insurance allocated to the Atlas Fund by its general partner in good faith (including Atlas' group insurance policy, general partner's, directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance, cyber-insurance and any other insurance for coverage of liabilities to any person or entity that are incurred in connection with the activities of the Atlas Fund) to protect the Atlas Fund, its general partner, Atlas, and/or their respective directors, officers, employees, members, partners or agents in connection with the activities of the Atlas Fund; and (g) all other non-recurring or extraordinary expenses attributable to the activities of the Atlas Fund.

The types of other fees and expenses incurred will vary from Atlas Fund to Atlas Fund. Please refer to the Governing Documents of each applicable Atlas Fund for more complete information.

In the case of Atlas International, limited partners will indirectly bear the management fees paid to, and performance-based allocations received by, the managers (or affiliates thereof) of the underlying private equity funds in which Atlas International invests.

The Atlas Funds also typically bear expenses (indirectly) as a result of reimbursements by their portfolio companies to Atlas of expenses similar to the above (including, without limitation, those incurred in connection with bolt-on acquisition due-diligence, plant or site visits, closing dinners, meetings with portfolio company management, portfolio company projects, and board of manager meetings), including travel-related expenses. From time to time, Atlas enters into an engagement (for example, with search firms, public relations firms, law firms and consultants) where the services to be provided are for the benefit of a portfolio company and such portfolio company later reimburses Atlas for such expenses.

Expenses that are not operating expenses of Atlas and that are attributable to more than one Atlas Fund shall be allocated among such Atlas Funds in an equitable manner as determined by Atlas and its affiliates in good faith.

Additionally, please see Item 6 below regarding “*Carried Interest*” that the Atlas Funds may pay if required performance thresholds are achieved. In the event that it chooses to use a broker-dealer for purchase or sales of portfolio securities relating to a particular Direct Fund, such Direct Fund will incur brokerage and other transaction, administration and custody costs. For additional information regarding brokerage practices, please see Item 12 below.

Timing of Payments

Please refer to the subsection entitled “*Deduction of Fees; Timing of Payments; Termination*” described above.

Transaction-Based Compensation

Atlas does not receive any compensation as broker or agent for the sale of securities or other investment products to any Atlas Fund, or for the sale of interests in any Atlas Fund. Please refer to the subsection titled “*Economic Benefits Received from Third Parties*” below for information on other types of compensation that Atlas may receive with respect to investments by the Atlas Funds.

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

Performance-Based Fees

All Atlas Funds are subject to performance-based compensation arrangements. Generally, the general partner of each Atlas Fund, which is an affiliate of Atlas, will typically receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of such Atlas Fund (or, in the case of the Atlas Innovation Entities, Atlas directly) (“*Carried Interest*”). Such Carried Interest allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of

1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”) to the extent required thereunder. Any share of profits allocated or distributed to a general partner or affiliate of an Atlas Fund is separate and distinct from the Management Fees charged by Atlas to such Atlas Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of Atlas may create an incentive for Atlas to recommend investments that may carry more risk or be more speculative than those that would be recommended under a different fee arrangement.

Please refer to the Governing Documents of each Atlas Fund for complete information on the specific “performance-based fee” arrangements of each Atlas Fund.

Side-by-Side Management

Atlas Funds with similar investment strategies may, in the future, be subject to different performance-based compensation arrangements. If Atlas or an affiliate is entitled to receive a higher percentage of the net profits of the account of one Atlas Fund than the percentage that Atlas or an affiliate receives from another Atlas Fund with a similar investment strategy, then Atlas may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Atlas Fund that is subject to the higher percentage.

To mitigate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each Direct Fund will be made by Atlas with respect to all Direct Funds in accordance with their Governing Documents and Atlas’ investment allocation policy, which takes into account multiple criteria, including: (i) the investment objectives, strategies, guidelines and restrictions of each Direct Fund, (ii) the relevant allocation of investment opportunity provisions in a Direct Fund’s Governing Documents, (iii) the liquidity needs of each Direct Fund and the investment cycle of each Direct Fund; (iv) the respective holding periods for the prospective investments; (v) the nature of the disposition opportunity, including the size and source of the opportunity; (vi) current and anticipated market conditions; (vii) tax, legal and/or regulatory considerations and (viii) such other considerations deemed relevant by Atlas.

As a general matter, Atlas expects that investment opportunities that are within the investment objectives of the Atlas Innovation Entities will not be appropriate investments for the Direct Funds in light of their investment objectives and strategies. However, to the extent Atlas is presented with an investment opportunity that falls within the investment objectives of both a Direct Fund and an Atlas Innovation Entity, subject to the terms of the Governing Documents of the applicable Atlas Funds, Atlas expects to allocate such opportunity on a basis that Atlas determines in good faith is appropriate taking into consideration the factors described in the paragraph above.

The Atlas Funds may, as permitted under their respective Governing Documents, cross-invest in portfolio companies in which other Atlas Funds already hold an interest. To the extent that multiple Atlas Funds hold an interest in the same portfolio company, it is

Atlas' policy that disposition opportunities with respect to that investment will be determined by Atlas and its affiliates on a case-by-case basis and will not necessarily be made at the same time or in proportion to dollars invested in that company or relative ownership percentages in that company. In such cases, Atlas and its affiliates will allocate disposition opportunities among the applicable Atlas Funds in their discretion, taking into account (without limitation): (i) the relevant provisions in agreements related to the applicable entities' investment in the portfolio company (such as "tag-along" or "piggy-back" rights); (ii) the ownership percentage of, and the amount invested by, each applicable entity in the portfolio company; (iii) the amount of gain (or loss), realized and unrealized, on each applicable entity's investment in the portfolio company at the time of such disposition opportunity; (iv) the type of securities held by each entity in the portfolio company; (v) liquidity needs for each applicable entity and the investment cycle of each applicable entity; (vi) respective holding periods for the investment of each applicable entity; (vii) the nature of the disposition opportunity, including the size of the opportunity; (viii) current and anticipated market conditions; (ix) tax, legal or regulatory considerations; and (x) such other factors that Atlas and its affiliates may determine to be relevant.

After the applicable Atlas Fund(s) have received their desired portion of a new investment or follow-on investment opportunity, Atlas, in certain cases, may make additional amounts with respect to such investment opportunity (if any) available for co-investment to one or more investors in the Atlas Funds or other third parties (each, a "Co-Invest SPV"). If Atlas expects to offer any such co-investment opportunity to one or more limited partners of an Atlas Fund, Atlas will offer such opportunity to participate in such co-investment in accordance with the applicable provisions of the Atlas Funds' Governing Documents and Atlas' co-investment allocation policies in effect from time to time. Co-investments by investors in the Atlas Funds or third parties may be made directly in the applicable portfolio company or may be made through "special purpose vehicles" or other entities formed by Atlas or its affiliates. Atlas or its affiliates may (but are not obligated to) receive fees, carried interest or other compensation in connection with such co-investments (and the terms of any such fees, carried interest or other compensation may differ from the terms applicable to an investment in the Atlas Funds with regard to such matters).

Subject to the Governing Documents of the Atlas Funds, Portfolio companies of the Atlas Innovation Entities, portfolio companies of the Direct Funds and one or more entities owned by principals or other related parties of Atlas may engage in commercial transactions with one another from time to time as they determine to be appropriate in their business judgment. Atlas anticipates that material transactions between such entities generally would be on arm's-length terms or on terms otherwise considered to be equitable to both companies under the circumstances. However, such transactions could benefit one particular portfolio company more than another portfolio company. Atlas also anticipates that it may from time to time recommend the products or services of a portfolio company of an Atlas Fund or such entity owned by principals or other related parties of Atlas to other portfolio companies of the Atlas Funds. Although use of any such products or services by a portfolio company would be voluntary and the parties

would be expected to negotiate independently and on equal footing, a portfolio company may nevertheless feel conflicted in their choice of vendors and might select the applicable portfolio company when there are better or cheaper products or services offered by unrelated companies. Further, to the extent a portfolio company of an Atlas Fund engages in a commercial transaction with an entity owned by principals or other related parties of Atlas, such Atlas persons would have an indirect financial interest in such transaction, which could result in conflicts of interest. For a description of how material conflict of interests between Atlas, its related persons and the Atlas Funds are addressed, please see Item 11 below.

Please refer to the Governing Documents of each Atlas Fund for complete information on the specific “performance-based fee” arrangements of each Atlas Fund.

Item 7 - Types of Clients

Types of Clients and Investment Vehicles

Atlas provides investment advice solely to the Atlas Funds, which are pooled investment vehicles generally offered to “accredited investors” within the meaning of the U.S. Securities Act of 1933, as amended and/or “qualified purchasers” within the meaning of the Company Act, and are therefore not required to register as investment companies under the Company Act in reliance upon the exemptions available under Sections 3(c)(1) and 3(c)(7) thereof. The limited partners of the Atlas Funds will generally include high net worth individuals, corporations, funds-of-funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, and public and private pension and profit-sharing plans. Atlas may also provide investment advice to Co-Invest SPVs.

Atlas and/or its affiliates will establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, “AIVs”) for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by one or more Atlas Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable Atlas Fund for complete details on any Feeder Fund that may be established by such Atlas Fund and such Atlas Fund’s ability to make investments through AIVs.

Minimum Investment Requirements

In general, the minimum investment commitment required of a limited partner to participate in a Direct Fund is \$5,000,000. The minimum investment commitment requirement for a limited partner with respect to Atlas International, which is closed to new investors, was set at \$50,000. Notwithstanding the foregoing, the general partner of each Atlas Fund has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of each Atlas Fund for complete information on minimum investment requirements for participation in a particular Atlas Fund.

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

Investment Strategies

As discussed in Item 4 above, the Direct Funds' primary investment strategy is to make private equity investments in distressed middle-market companies and other distressed situations. The Direct Funds' portfolio companies operate in various industrial sectors including, but not limited to, building materials, automotive, capital equipment, chemicals, metal processing and fabrication, packaging and paper products. The investment strategy utilized by Atlas on behalf of the Direct Funds involves attempting to identify and capitalize on hidden value in a target portfolio company that meets the following criteria: (i) the target portfolio company competes in a sector that Atlas knows well by virtue of historic operating experience, either directly or through relationships with Operating Partners who are experienced managers with expertise and established relationships in the various industry sectors Atlas invests in, (ii) the target portfolio company is undergoing significant financial or operational distress caused by an understandable, finite and resolvable causal factor or set of factors, (iii) a catalyst for a transaction is in place, creating a motivated seller and (iv) the target portfolio company is likely to experience limited interest by prospective buyers, either because of complexity, timing or other factors which may mask value and discourage investors.

Also, as discussed in Item 4 above, Atlas International was organized to invest in third-party managed private equity funds that primarily target growth equity investments in international markets. Atlas International is closed to investors and has ceased making new investments. Additionally, Atlas does not anticipate implementing a fund-of-funds investment strategy in the foreseeable future. Existing investors in Atlas International should review Atlas International's confidential private placement memorandum for a detailed description of the fund's investment strategy.

Further, as discussed in Item 4 above, the Atlas Innovation Entities invest in, generally as non-control investors, early-stage technology companies. Atlas generally forms separate Atlas Innovation Entities on a deal-by-deal basis and invests in such companies alongside third-party venture capital sponsors.

Methods of Analysis

Investments, and potential investments of the Direct Funds, are analyzed by Atlas based upon the business strategy and focus of the target portfolio company and the relevant experience of the target portfolio company's officers and directors. Atlas also considers general economic characteristics of potential investments, including the potential for becoming low cost-competitors in their industry sector, recurring revenue, strong cash flow margins, barriers to entry, high margins, significant operating leverage, long-term customer relationships, and opportunities for add-on acquisitions.

Atlas' principal sources of information in identifying investments include its proprietary network of industry participants, bankers, consultants, executives and professional advisors (including attorneys, accountants and other industry advisors), Operating

Partners, private offering memoranda, quarterly and annual reports, personal interviews with directors and officers of such entities, visits to such entities, SEC filings (if available) and general industry knowledge.

Atlas determines the intrinsic value of each potential portfolio company acquisition by engaging with Operating Partners in order to understand the company's fundamental operational drivers, metrics, risks and relative competitive position. Atlas systematically considers certain attributes of the company in the context of a set of industry-specific criteria that assist it in predicting its future performance. These criteria include, but are not limited to: (i) the target portfolio company's performance relative to industry-specific operating metrics; (ii) the sensitivity of the target portfolio company to fundamental drivers of change in the company's industry; (iii) the target portfolio company's particular strengths and weaknesses relative to its competitors; and (iv) the target portfolio company's management and/or opportunity to enhance management.

Upon identifying a target portfolio company investment, Atlas engages in a thorough due diligence process that includes a written presentation first within the industry group responsible for the segment in which the prospective portfolio company falls and then to Atlas' principals and the relevant Operating Partners as part of their periodic meetings. As part of the due diligence, Atlas will rigorously consider the potential for cost reductions, productivity improvements or other solutions that can be implemented to enhance the value of a portfolio company immediately upon acquisition. These potential solutions whose efficacy will be considered during the due diligence process include the ability to: (i) negotiate with unions in order to obtain more favorable contracts or work rules, often in exchange for profit sharing; (ii) shed legacy costs such as pension liabilities; (iii) rationalize operations to obtain maximum efficiency; (iv) sell non-core assets that inhibit operating performance or investment returns; and (v) create transaction structures or agreements that minimize exposure to environmental and other liabilities. Further diligence, if warranted, will serve to establish the original thesis of the investment and address the issues identified by the initial discussion.

Subsequently, Atlas determines a suitable purchase price after weighing the factors outlined above and vigorously negotiates in order to obtain the best possible contract terms. These terms often include cost reductions requiring union consent, indemnities and other protections from potential legal and/or environmental liabilities, and additional considerations that address risks Atlas has discovered and analyzed over the course of its due diligence process.

The investment process used by Atlas with respect to the evaluation and selection of underlying funds and their respective managers on behalf of Atlas International is no longer being implemented as Atlas International has completed its final underlying fund investment and, as such, is not expected to make any new investments. Additionally, Atlas does not anticipate implementing a fund-of-funds investment strategy in the foreseeable future. As a result, Atlas' fund-of-funds investment process is no longer relevant to prospective investors and, therefore, is not described in this Brochure. Existing investors in Atlas International should review the fund's confidential private

placement memorandum for a detailed description of the investment process that Atlas utilized in connection with making investments on behalf of the fund.

Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Atlas will be able to choose, and the Atlas Funds will be able to make and/or realize, any particular investment or that the Atlas Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from an Atlas Fund. Investing in the Atlas Funds involves a risk of loss that investors should be prepared to bear. Investors in the Atlas Funds are requested to refer to the Governing Documents of the applicable Atlas Fund for complete information on investment strategies employed by such Atlas Fund and the corresponding risks associated with such investment strategies. Investors in the Atlas Funds should carefully consider, among other factors, the following material risks involved with the Atlas Funds' investment strategies.

Nature of Investments. A substantial portion of an Atlas Fund's investments will be in private equity or private equity-related investments that by their nature involve business, financial, market and/or legal risks. An Atlas Fund's investments will be highly illiquid, and there can be no assurance that an Atlas Fund will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to investors.

While such investments offer the opportunity for significant capital gains and other income, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the general partner of an Atlas Fund or Atlas will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of an Atlas Fund's activities.

Future and Past Performance. The performance of the Atlas principals' prior investments is not necessarily indicative of the Atlas Funds' future results. While Atlas intends for the Atlas Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted return will be achieved. On any given investment loss of principal is possible. In addition, an Atlas Fund's investment may differ from previous investments made by the Atlas principals in a number of respects, including but not limited to, target return levels, level of risk associated with a particular investment, amount of invested capital in a particular company, types of companies within a particular industry sector, structure and holding period.

Concentration of Investments. The Atlas Funds will participate in a limited number of investments and may make several investments in one industry or one industry segment

or within a short period of time. As a result, the Atlas Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect such Atlas Funds' aggregate return.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Atlas Funds' investments, and hence, most of the Atlas Funds' investments will be difficult to value. Certain investments may be distributed in kind to its partners and it may be difficult to liquidate such securities 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 of an Atlas Fund, many partners may decide to liquidate such holdings 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 placed on such securities pursuant to the Governing Documents (including the value used to determine the amount of Carried Interest available with respect to such investment).

Reliance on the General Partner and Portfolio Company Management. Control over the operation of the Atlas Funds will be vested with Atlas, and the Funds' future profitability will depend largely upon the business, financial and investment acumen of the Atlas principals and other employees of Atlas. The loss of or reduction in service of one or more of these individuals could have an adverse effect on the Atlas Funds' ability to realize its investment objectives. Other investment activities of Atlas (to the extent not prohibited by the relevant Atlas Fund's Governing Documents) may require such individuals to devote substantial amounts of their time to matters unrelated to a particular Atlas Fund, including Atlas' existing or future investment activities, which may pose conflicts of interest in the allocation of time of these individuals. Investors in the Funds generally have no right or power to take part in the management of the Atlas Funds, and, as a result, the investment performance of the Atlas Funds will depend on the actions of Atlas. In addition, certain changes in Atlas or circumstances relating to Atlas may have an adverse effect on the Atlas Funds or one or more of their portfolio companies, including potential acceleration of debt facilities. Although Atlas will monitor the performance of each Atlas Fund investment, 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 the Atlas Funds generally intend 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 to operate a portfolio company in accordance with the applicable Atlas Fund's objectives.

In addition, in connection with Atlas International's fund-of-funds strategy, Atlas International has invested in a limited number of private equity funds managed by third-party investment managers not affiliated with Atlas. Atlas will not have an active role in, or exercise control over, the day-to-day management of such underlying funds or their respective managers. As such, Atlas will not have an opportunity to evaluate the specific investments made by such underlying fund managers. The performance of Atlas International will depend in large part on the performance of these underlying funds and the expertise and skills of their respective investment managers. In light of Atlas

International's concentrated exposure to a limited number of underlying funds, unfavorable performance by even a single underlying fund could have a material adverse effect on Atlas International's overall performance.

Projections. Projected operating results of a portfolio company in which a Direct Fund invests will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Atlas 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 (including but not limited to, assumptions based on potential operational improvements, market opportunities, competitive dynamics, acquisitions, and expansion of product lines or geography). 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.

Third Party Involvement. To the extent provided in the respective Governing Documents, the Atlas Funds will seek to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-investor or partner may at any time have economic or business interests or goals that are inconsistent with those of the Atlas Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-investor or partner.

Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding the appropriate level of governmental 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 Atlas Funds' activities, including the ability of the Atlas Funds to effectively and timely address these regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

Control Liability. A Direct Fund will often own a significant or controlling percentage of the equity of its portfolio companies. A Direct Fund will generally appoint one or more representatives to the board of directors of the companies in which it invests. Significant or controlling ownership and serving on the board of directors of a portfolio company exposes a Direct Fund's representatives, and ultimately a Direct Fund, to potential liability because a Direct Fund or its representatives may in certain cases be thought to control, participate in the management of or influence the conduct of such portfolio company.

Non-Controlling Investments. A Direct Fund may have the ability under the respective Governing Documents to make minority equity investments in portfolio companies, in limited instances, where it may consequently have limited influence. Such a portfolio company may have economic or business interests or goals that are inconsistent with

those of such Direct Fund, and the Direct Fund may not be in a position to limit or otherwise protect the value of its investment in the company, although as a condition of making such investments, it is expected that appropriate shareholder rights generally will be sought to protect the Direct Fund's investments. The Direct Fund's control over the investment policies of these companies may also be limited.

Investments in Distressed Situations, Securities and Debt Instruments. The Direct Funds primarily invest in the securities and obligations of distressed and bankrupt portfolio companies, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments. In addition, these securities may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Distressed and debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws as described below, (ii) so-called "lender-liability" claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and, in certain circumstances, (iv) challenges to claims based on face value of securities purchased at distressed levels against par.

Middle-Market Investments. A primary component of the Direct Funds' investment strategy is to invest in middle-market portfolio companies. While investments in middle-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies. Small and medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small and medium-sized companies, could make it difficult for the Direct Funds to react quickly to negative economic or political developments.

Follow-On Investments. A Direct Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies and, given the distressed nature of such companies, follow-on investments are frequent. There can be no assurance that a Direct Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a Direct Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

Non-U.S. Investments. A Direct Fund may from time to time invest in portfolio companies operating and/or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. Such investments may be subject to certain additional risks not presented by investments in U.S. portfolio companies due to, among other things, potentially unsettled points of applicable governing law, the risks associated with different accounting standards, different legal protections for investors, unusual regulatory burdens, political instability, fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of such Direct Fund) and the application of complex tax rules to cross-border investments. Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant foreign risks due to the increasingly international nature of many growth stage companies. Any adverse change to the political, economic, military or social environments in the host countries of a Direct Fund's portfolio companies could have a significant adverse effect upon the operations or financial performance of a Direct Fund. The foregoing factors may increase transaction costs, adversely impact the value of a Direct Fund's investments in non-U.S. portfolio companies and otherwise reduce returns to a Direct Fund's investors.

Litigation Risks. An Atlas Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of such Atlas Fund. Legal disputes, involving any or all of the Atlas Funds, their affiliates, or their portfolio companies, may arise from an Atlas Fund's activities and investments and could have a significant adverse effect on such Atlas Fund.

General Partner's Carried Interest. The fact that the General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause an Atlas Fund to make riskier or more speculative investments or to hold onto an investment longer than otherwise would be the case.

In-Kind Distributions. The Atlas Funds may make distributions in-kind of its portfolio company securities to the extent permitted by the applicable Governing Documents. In the event an in-kind distribution is made, securities or other property distributed shall be valued and accounted for as provided in the applicable Governing Documents. An investor may not be able to sell such securities at a price at which such shares were valued by Atlas in the distribution. In addition, the value used to determine the applicable Carried Interest with respect to such distribution may be higher than the value obtained by an investor in a sale of the securities or other property received. Furthermore, securities or other property distributed in-kind may not be readily marketable or saleable and may have to be held by investors for an indefinite period of time.

Changes in Environment. An Atlas Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Atlas Fund operates may undergo substantial

changes, some of which may be adverse to such Atlas Fund. A drawn-out recession, downturns in the economy, deteriorations in the condition of an industry sector in which an Atlas Fund has invested or adverse developments in the securities or credit markets may have an adverse impact on some or all of an Atlas Fund's investments. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by an Atlas Fund. In addition, factors specific to a portfolio company may have an adverse effect on an Atlas Fund's investment in such company. The economic environment for all companies may remain challenging. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance. The investment sourcing, selection, management and liquidation strategies and procedures exercised by Atlas in the past may not be successful, or even practicable, during an Atlas Fund's term.

Market Conditions. The capital markets have experienced great volatility and the ability of companies (including portfolio companies of the Atlas Funds) to obtain financing for ongoing operations or expansions may be severely hampered by a tightening of the credit markets and any financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable an Atlas Fund to sell these securities when Atlas believes it is most advantageous to do so, or without adversely affecting the stock price. Volatility and illiquidity in the financial sector may have a material adverse effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. Such adverse effects will likely include the requirement of an Atlas Fund to pay break-up, termination or other fees and expenses in the event such Atlas Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Atlas Fund to dispose of investments at prices that Atlas believes reflect the fair value of such investments.

Competition. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable an Atlas Fund to invest all of its capital commitments in opportunities that satisfy such Atlas Fund's investment objectives or that such investment opportunities will lead to completed investments by such Atlas Fund.

Identifying, structuring, implementing and realizing on attractive investments is highly competitive. Each Atlas Fund will be competing for investments with other private equity investors, as well as companies, individuals, financial institutions and other institutional investors. Additional funds and other sources of investment capital with the same or similar investment objectives may be created in the future by other unrelated parties, which may compete with such Atlas Fund for investment opportunities. It is possible that competition for appropriate investment opportunities may limit the number of opportunities available to such Atlas Fund and/or adversely affect the terms upon which investments can be made. There can be no assurance that an Atlas Fund will be successful in its efforts to identify and complete attractive investment opportunities, and it is possible that such Atlas Fund's capital commitments will not be fully utilized if sufficient attractive investments are not identified and consummated by such Atlas Fund during its investment period.

Unfunded Pension Liabilities of 80%-Owned Portfolio Companies. Court decisions have suggested that, where an investment fund owns 80% or more 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. The Direct Funds may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Direct Fund or Direct Funds (or other 80%-owned portfolio companies thereof) were deemed to be liable for such pension liabilities, this could have a material adverse effect on such Direct Funds and the companies in which such Direct Funds invest 80% or more of the equity.

Investments Longer than Term. A Direct Fund may invest in portfolio companies that may not be advantageously disposed of prior to the date that the Direct Fund will be dissolved, either by expiration of the Direct Fund's term or otherwise. Although the Direct Fund's general partner expects that investments will be either disposed of prior to dissolution or suitable for in-kind distribution at dissolution, the Direct Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Valuation of Assets. There is no actively traded market for most of the securities owned by the Direct Funds. When estimating fair value, Atlas will apply a methodology consistent with ASC 820 and based on its best judgment that is appropriate in light of the nature, facts and circumstances of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Atlas. However, 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 may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Direct Fund's assets. With respect to the Direct Funds, the exercise of discretion in valuation by

Atlas may give rise to conflicts of interest, as the performance allocation in certain Funds may be calculated based, in part, on these valuations.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Direct Funds and their affiliates may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the Direct Funds and ultimately, their investors.

Cybersecurity Issues. Sensitive data (including intellectual property and personally identifiable information) of Atlas, the Atlas Funds, their portfolio companies (collectively, “Persons”) and their respective employees, investors, clients, customers, vendors and other business partners is commonly retained in emails, on servers and other computer and network systems. The secure processing, maintenance and transmission of this type of information is critical. Atlas continues to work on developing and enhancing its cybersecurity policies and procedures, including as it relates to investor and employee information. Despite the security measures of such Persons, their information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise such Person’s networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt operations and damage the reputation of such Persons, which could adversely affect Atlas’ business, the Atlas Funds and their portfolio companies.

Item 9 - Disciplinary Information

Atlas and its principals have not been the subject of any disciplinary event or material legal proceeding required to be disclosed in response to this item.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither Atlas nor any of its management persons are registered as either a broker-dealer or a registered representative of a broker-dealer. In addition, Atlas and its management persons are not affiliated with any broker-dealer.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

Neither Atlas nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

As discussed in the subsection titled “*Participation or Interest in Client Transactions and Personal Trading*,” Atlas and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Atlas Funds. Atlas and its related persons manage multiple Atlas Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the Atlas Funds. Please refer to the Governing Documents of the relevant Atlas Fund for complete information on the requisite time commitments (if any) of Atlas and its related persons to the Atlas Funds and the allocation of investment opportunities among the Atlas Funds. Please also refer to the description of Atlas’ investment allocation policy described in the subsection “*Side-by-Side Management*” above.

Employees of Atlas and its affiliates will generally serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Direct Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. In connection with such activities, employees of Atlas will generally be given access to confidential information relating to companies in which the Direct Funds invest or may otherwise become subject to legal or contractual restrictions on their ability to effect transactions for the Direct Funds. As a result, the Direct Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the Direct Funds. The above individuals may spend a substantial portion of their time with these related management activities.

From time to time, certain Direct Funds may hold or may acquire positions in portfolio companies in which other Direct Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which a Direct Fund and one or more other Direct Funds have invested may not necessarily be pro rata based on existing ownership in such companies. The Direct Funds may have divergent interests with respect to exit strategies from such investments, restructuring the capital structure or business of such companies or other matters affecting the investment in such companies. To the extent that multiple Direct Funds hold an interest in the same company, disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such Direct Funds on a basis that is fair and equitable to each Direct Fund as determined by Atlas taking into account all relevant facts and circumstances.

In addition, prior to forming the Direct Funds Atlas made a number of proprietary investments in operating companies, and Atlas will continue to hold and manage these legacy proprietary investments. Atlas does not believe that this poses any material conflict of interest with the Direct Funds. All future potential investments that fall within the investment strategy of the Direct Funds will be allocated first to the Direct Funds in accordance with the allocation policy as described above.

Selection or Recommendation of Other Advisers

Except in the case of Atlas International, a private equity fund-of-funds, Atlas does not recommend or select other investment advisers for its clients. With respect to Atlas International, Atlas does not receive compensation, directly or indirectly, from such other advisers in a manner that would create a material conflict of interest. Atlas does not have business relationships with other advisers that create a material conflict of interest in relation to Atlas' clients.

Related General Partners

Various entities affiliated with Atlas and the principals (the "General Partners") generally serve as general partners (or equivalent) of the Atlas Funds, and principals of Atlas are partners of one or more of the General Partners. Atlas Capital Resources GP LLC, Atlas Capital Resources II GP LLC and Atlas Capital Resources III GP LLC are the ultimate general partners of the General Partners for the Direct Funds. For a description of material conflicts of interest created by the relationship among Atlas and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

Atlas has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing Atlas' commitment to ethical conduct. Atlas' Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, Atlas' (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under Atlas' Code of Ethics, all supervised persons have a duty to act only in the best interests of the Atlas Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to Atlas' Chief Compliance Officer ("CCO"). All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of Atlas that no person employed by Atlas shall prefer his or her own interest to that of an Atlas Fund or make personal investment decisions based on the investment decisions of the Atlas Funds.

To supervise compliance with its Code of Ethics, Atlas requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the firm's CCO. Atlas requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by Atlas' personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly

prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

Atlas requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Atlas also has a policy prohibiting the trading of securities, either personally or on behalf of others, while in possession of material non-public information, or improperly communicating such information to others. Any individual not in observance of the above may be subject to discipline or termination.

Atlas will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners and/or managing members of the general partners of each of the Atlas Funds, Atlas and its related persons have indirect beneficial interests in the securities owned by the Atlas Funds and will share in any profits and losses generated by the Atlas Funds' investments. Moreover, in certain situations, related persons of Atlas may purchase interests in the same portfolio investments held by one or more Atlas Funds. All such transactions are subject to compliance with Atlas' Code of Ethics as described above and the Governing Documents of the applicable Atlas Funds. Any access person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or indirect interest in an Atlas Fund) must affirmatively disclose that interest to the CCO if such access person is involved in considering or determining any subsequent investment decision regarding an investment by an Atlas Fund in any security of that issuer or an affiliate.

Atlas and/or certain related persons of Atlas may, on rare occasions, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Atlas Funds in connection with certain "warehousing" transactions or more generally in connection with Atlas' management of the Atlas Funds, provided that the sale is consistent with Atlas' fiduciary obligations to the Atlas Funds. Such transactions will be fully disclosed and the written consent of the appropriate Atlas Fund (which, in certain circumstances, may be provided by the Atlas Fund's Advisory Board, as defined below) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute "principal transactions" under Section 206(3).

Moreover, Atlas may, in limited instances, cause an Atlas Fund to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another Atlas Fund, provided that the transfer is consistent with Atlas' fiduciary obligations to each Atlas Fund participating in the cross transaction. Typically, the Governing Documents of an Atlas Fund address permissible cross transactions and any applicable disclosure and/or Atlas Fund consent requirements.

While Atlas endeavors at all times to act in the best interests of the Atlas Funds, investors should be aware that such transactions create a potential conflict of interest.

- Conflicts of Interest

Atlas and its affiliates engage in a broad range of activities, including investment activities for their own account and for the account of the Atlas Funds and provide transaction related, advisory, management and other services to operating companies, including portfolio companies of the Direct Funds. Below, Atlas describes various conflicts of interest that may arise in respect of its business, as well as a description of how Atlas addresses such conflicts of interest. The discussion below does not describe all conflicts that may arise.

- Resolution of Conflicts

In the case of all conflicts of interest, Atlas' determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Atlas' best judgment, in its sole discretion. In resolving conflicts, Atlas may consider various factors, including the interests of the applicable Atlas Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) Atlas will not make an investment unless it believes that such investment is an appropriate investment considered solely from the viewpoint of the applicable Atlas Fund.
- (2) Conflicts of interest will generally be resolved by set procedures contained in the relevant offering and Governing Documents of an Atlas Fund, if applicable.
- (3) Generally, each Atlas Fund has established an Advisory Board, consisting of representatives of limited partners not affiliated with Atlas. The Advisory Boards meet as required to consult with Atlas as to certain potential conflicts of interest.
- (4) Where Atlas in its sole discretion deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price.
- (5) Prior to subscribing for interests in an Atlas Fund, each investor (other than certain third-party investors in a co-investment fund) receives information relating to significant potential conflicts of interest arising from the proposed activities of the Atlas Fund.
- (6) On any issue involving actual conflicts of interest, Atlas will be guided by its good faith judgment.

- Allocation of Investment Opportunities

See Item 6, above, “*Side-by-Side Management*.”

- Allocation of Fees and Expenses among Atlas Funds, Investors and Third Parties

The appropriate allocation between the Atlas Funds, Investors and Third Parties of expenses and fees generated in the course of evaluating and making investments (including expenses and fees incurred in transactions which are not consummated), such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Atlas and its affiliates in their sole discretion, in each case using good faith and their best judgment, consistent with the Governing Documents of the Funds, as applicable.

- Providers of Operations Support

Atlas and Direct Fund portfolio companies will from time to time retain other companies or individuals, which may be affiliates of Atlas; employees of such affiliates or portfolio companies of an Atlas Fund; third-party consultants including individual consultants, consulting firms, and Operating Partners (collectively “Special Consultants”) The Special Consultants will generally be engaged to provide services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and/or disposition of such portfolio companies, including operational aspects of such companies (“Services”). Pursuant to the applicable Governing Documents, fees and expenses associated with the Services, including a closing transaction fee (collectively “Consulting Fees and Expenses”), will generally be paid and/or reimbursed to Atlas or the Special Consultants by applicable portfolio companies and/or the Funds. Payment of Consulting Fees and Expenses may, at the discretion of Atlas, taking into account the particular Services, include a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultants.

- Fee Structure

Because Management Fees are, at certain times during the life of the Atlas Funds, based upon capital invested by the Atlas Funds, this fee structure may create an incentive to deploy capital when Atlas may not otherwise have done so. Additionally, as discussed above in Item 6, the General Partners of the Atlas Funds are entitled to Carried Interest under the terms of the Governing Documents of such Atlas Funds. Such General Partners are affiliates of Atlas. The existence of the General Partners’ Carried Interest may create an incentive for Atlas to cause such Atlas Funds to make riskier or more speculative investments than they would otherwise make in the absence of performance-based compensation.

- Related Services

As described in Item 5 above, Atlas will generally perform Related Services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles

of the Atlas Funds. Such fees will be in addition to any Management Fees or Carried Interest paid by the Atlas Funds to Atlas. Consistent with the Atlas Funds' respective Governing Documents, a portfolio company will generally reimburse Atlas for expenses (including without limitation travel expenses, and expenses related to meals and entertainment) incurred by Atlas in connection with its performance of services for such portfolio company. This may create a conflict of interest between Atlas and its affiliates on the one hand and the Atlas Funds and their investors on the other hand, because the amounts of these fees and reimbursements may be substantial and the Atlas Funds and their investors generally have only a specified interest in these fees. Atlas determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions, and the amount of such fees and reimbursements may not be immediately apparent to investors in the Atlas Funds. Atlas and its affiliates will in some circumstances offset the amount of Management Fees paid by the applicable Atlas Fund against such Atlas Fund's share of such fees from Related Services. The amount and nature of this reduction may vary from Fund to Fund and is set forth in the Governing Documents of the applicable Atlas Fund. Entities other than the Atlas Funds that participate in investments alongside the Atlas Funds (such as entities through which Atlas and certain employees and affiliates of the Adviser invest alongside the Funds) may have a right to share in such fees, and Management Fees will generally not be reduced in connection with the receipt of such entities' share of such fees. As some Atlas Funds do not pay Management Fees, any such reduction will not benefit such Atlas Funds. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

- Other Conflicts

Atlas and the Atlas Funds will generally engage common legal counsel and other advisers in a particular transaction, including transactions in which there may be conflicts of interest. Members of the law firms engaged to represent the Atlas Funds may be investors in an Atlas Fund and may also represent one or more portfolio companies or investors in an Atlas Fund. In the event of a significant dispute or divergence of interest between the Atlas Funds and Atlas and/or its affiliates, the parties may engage separate counsel in the sole discretion of Atlas and its affiliates. Moreover, in litigation and certain other circumstances separate representation may be required. Additionally, Atlas and the Atlas Funds will occasionally engage other common service providers. In such circumstances, depending on the nature of the engagement, there may be a conflict of interest between Atlas and the Atlas Funds in determining whether to engage such service providers, including the possibility that Atlas may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service providers by the Atlas Funds.

Item 12 - Brokerage Practices

Discretionary Brokerage

The Atlas Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities on occasion (for example, where an Atlas Fund receives shares of a company as part of a general distribution or initial public offering). Subject to the investment objectives, policies and restrictions of each Atlas Fund, as set forth in such Atlas Fund's Governing Documents, Atlas will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Atlas Funds and negotiate the commission cost to be paid.

In the limited instances where Atlas selects brokers, Atlas' primary consideration will be to obtain the most favorable net result for the Atlas Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, Atlas seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research and Soft Dollar Benefits

Atlas does not engage in soft dollar arrangements with respect to securities transactions for the Atlas Funds.

Brokerage and Client Referrals

Atlas does not consider referrals of investors to the Atlas Funds in determining its selection of broker dealers or other third parties.

Trade Aggregation

Although Atlas does not often trade in public securities, in such circumstances where more than one Atlas Fund is either selling or buying the same type of security, Atlas will, to the extent possible, generally place a combined order for two or more Atlas Funds it manages which are engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Atlas Funds' Governing Documents, and otherwise in the best interest of the Atlas Funds.

Item 13 - Review of Accounts

Review of Client Accounts

The investments made by the Atlas 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. Atlas will continuously monitor portfolio investments on behalf of the Atlas Funds. Investments are reviewed in the context of each Atlas Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Atlas Fund. Members of Atlas' investment committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Atlas Funds.

Reports to Clients

The general partners of each Atlas Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, certain descriptive investment information relating to the Atlas Funds' investments and the audited financial statements of the Atlas Funds. The quarterly reports generally contain unaudited financial statements of the Atlas Funds for the fiscal quarter and certain descriptive investment information relating to the Atlas Funds' investments.

Investors are requested to refer to the Governing Documents of each Atlas Fund for further information on the reports provided by a particular Atlas Fund to its investors.

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

For details regarding economic benefits provided to Atlas by non-clients, including a description of the related material conflicts of interest and how they are addressed, please see Item 11 above. Investors are requested to refer to the Governing Documents of each of the Atlas Funds for complete information on the additional compensation received by Atlas or its affiliates or supervised persons in connection with a particular Atlas Fund's investments and the amount of the applicable advisory fee offset.

Third Party Compensation for Client Referrals

Atlas and related entities of Atlas have entered into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to an Atlas Fund. In accordance with the terms of the relevant Atlas Fund's governing documents, any sales charge associated therewith are ultimately payable by Atlas and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Atlas Fund to Atlas. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, as described above, Atlas may consider referrals of investors to the Atlas Funds in determining its selection of third-party service providers.

Atlas endeavors at all times to put the interests of the Atlas Funds first as part of Atlas' fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to Atlas and the Atlas Funds.

Item 15 - Custody

Atlas will not have physical possession of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, Atlas will generally be deemed to have custody of the assets of the Atlas Funds as a result of its position as an affiliate of the general partner of each Atlas Fund.

It is Atlas' policy to cause each Atlas Fund with assets over which Atlas is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days (or, in the case of Atlas International, 180 days) after the end of each fiscal year. In addition, upon the final liquidation of any such Atlas Fund, Atlas will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Atlas Fund to all investors promptly after completion of the audit.

Item 16 - Investment Discretion

Subject to the investment objectives, policies and restrictions of each Atlas Fund as set forth in the Governing Documents of such Atlas Fund, Atlas has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Atlas Fund. Atlas is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

The terms upon which Atlas serves as an investment adviser with respect to any Atlas Fund are established at the time that such Atlas Fund is formed and generally are set forth in such Atlas Fund's Governing Documents. Atlas' investment advice is provided directly to the Atlas Funds and not to investors in the Atlas Funds individually. Atlas is not required to contact investors in the Atlas Funds prior to transacting any business for the Atlas Funds.

Item 17 - Voting Client Securities

Because Atlas has, or will accept, authority to vote securities held by an Atlas Fund, it has adopted policies and procedures (the "Proxy Voting Policies and Procedures") that have been designed to ensure that Atlas complies with the requirements of the Advisers Act and reflect Atlas' commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the Atlas Funds.

When exercising its voting authority over client securities, Atlas considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. Atlas votes all proxies in a

prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with the Proxy Voting Policies and Procedures and Atlas' fiduciary duties to the Atlas Funds.

Atlas reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Atlas Fund. As a result, depending on the Atlas Fund's particular circumstances, Atlas may vote one Atlas Fund's securities differently than it votes those of another Atlas Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, Atlas may determine that it is in an Atlas Fund's best interest for Atlas to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, Atlas, in consultation with the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of Atlas, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, Atlas takes steps to ensure that its voting decision is based on the best interests of the applicable Atlas Funds and is not a product of the conflict. Atlas may, at its discretion, (A) seek the advice of the applicable advisory committee in voting such security (if any); (B) disclose the conflict of interest to the limited partners of the Atlas Fund and defer to the Atlas Fund's voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with Atlas' outside counsel) which would serve the best interest of the Atlas Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

Atlas will deliver to each limited partner of an Atlas Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Atlas Fund.

Item 18 - Financial Information

Atlas has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 - Requirements for State Registered Advisers

Item 19 is not applicable to Atlas.