

**INVESTMENT ADVISER BROCHURE**

**PART 2A OF FORM ADV**

**SILVER OAK SERVICES PARTNERS, LLC**

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**March 21, 2019**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Silver Oak Services Partners, LLC (“Silver Oak Services Partners”). If you have any questions about the contents of this Brochure, please contact us at (847) 332-0400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

Additional information regarding Silver Oak Services Partners is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

Silver Oak Services Partners filed its prior annual amendment to its Brochure on March 27, 2018. This annual amendment filing (i) reflects the addition of a general partner entity, Silver Oak Management IV, L.P.; and (ii) updates the description of certain of the business practices of Silver Oak Services Partners and its affiliates.

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## ADVISORY BUSINESS

Silver Oak Services Partners, LLC (“**Silver Oak Services Partners**”), a registered investment adviser, is a Delaware limited liability company. Silver Oak Services Partners commenced operations in November 2005. The following investment advisers are affiliated with Silver Oak Services Partners:

- Silver Oak Management, L.P.
- Silver Oak Management II, L.P.
- Silver Oak Management III, L.P.
- Silver Oak Management IV, L.P.

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

Each General Partner listed above is subject to the Advisers Act pursuant to Silver Oak Services Partners’ registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner, which operate as a single advisory business together with Silver Oak Services Partners.

Each General Partner serves as general partner to one or more Funds (as defined below) and has the authority to make investment decisions on behalf of the respective Fund(s) it advises.

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

- Silver Oak Services Partners, L.P. (“**Fund I**”)
- Silver Oak Services Partners II, L.P. (“**Fund II**”)
- Silver Oak Services Partners III, L.P. (“**Main Fund III**”)
- Silver Oak Services Partners III-A, L.P. (“**Fund III-A**” and together with Main Fund III, “**Fund III**”)

The Funds are private equity funds and generally invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” Silver Oak’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Silver Oak

often will serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Silver Oak's advisory services for each Fund are detailed in the applicable offering memorandum or other offering documents (each, a "**Memorandum**") and limited partnership or other operating agreements or governing documents (each, a "**Limited Partnership Agreement**") and together with the Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed upon circumstances pursuant to the relevant Governing Documents. The Funds or Silver Oak have entered into "side letter" or similar agreements with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of a Fund's Governing Documents with respect to such investors.

Additionally, from time to time, and as permitted by the relevant Governing Documents, Silver Oak expects to provide (or agree to provide) certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, and/or certain other persons associated with Silver Oak and/or its affiliates, the opportunity to co-invest in certain portfolio companies alongside a Fund. Co-investors typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, co-investors may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Any such purchase from a Fund by a co-investor generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Silver Oak's sole discretion, Silver Oak is authorized to charge interest on the purchase to the co-investor (or otherwise equitably adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2018, Silver Oak managed \$586,399,821 in client assets on a discretionary basis. Silver Oak Services Partners is principally owned by Daniel M. Gill and Gregory M. Barr.

### **FEES AND COMPENSATION**

In general, each General Partner receives a management fee and a carried interest in connection with advisory services. The General Partners or other Silver Oak entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of Funds and such additional compensation will offset, in whole or in part, the Management Fees (as defined below) otherwise payable to the General Partners in accordance with the relevant Governing Documents. Investors in the Funds also bear certain fund expenses, as described below. The following is a general description of fees, compensation and expenses of the Funds. Differences may exist among Funds, and certain Funds may not pay certain fees or expenses, or compensation to their respective General Partner(s), that

other Funds charge. Prospective and existing Fund investors should review a Fund's Governing Documents for details regarding its fees, compensation and expenses.

## **Management Fees**

Each Fund pays the applicable General Partner a management fee (the “**Management Fee**”) equal to 2% on an annual basis of aggregate Fund investor capital commitments. The Management Fee for each semi-annual period is paid partially in arrears and partially in advance. Investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund. The Management Fee may be reduced upon the expiration of the investment period or earlier upon the occurrence of certain other events as described in the applicable Fund's Governing Documents. The Management Fee will be payable until all portfolio investments are distributed or until the General Partner's relationship with the applicable Fund is terminated for other reasons (as described in the relevant Governing Documents). Installments of the Management Fee payable for any period other than a full six-month period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee is reduced by a portion of the monitoring fees, transaction fees, break-up fees and certain other fees paid by portfolio companies to a General Partner. To the extent that such an offset credit would reduce the Management Fee for a given period below zero, the credit will be carried forward for future application against payable Management Fees. To the extent any such excess remains unapplied upon dissolution of a Fund, each partner of such Fund will receive its share of such unapplied excess, unless such partner elects not to receive its share.

Silver Oak and/or its affiliates generally have discretion over whether to charge transaction fees or certain other fees to a portfolio company and, if so, the fee rate, method or amount. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such fees will give rise to potential conflicts of interest between the Funds, on the one hand, and Silver Oak and/or its affiliates on the other hand. Portfolio company related fees may include amounts prepaid in anticipation of future services.

As permitted under the Governing Documents for each Fund, the relevant General Partner may waive or reduce a portion of the Management Fee in exchange for a reduction in the General Partner's capital contribution obligation and/or a corresponding interest in Fund profits. The limited partners of a Fund may be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of the relevant General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver or reduction may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by a General Partner and/or the timing or receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

## **Carried Interest**

Each General Partner will receive a carried interest with respect to the respective Fund(s) it advises equal to 20% of all realized profits, subject to a specified preferred return with a related General Partner catch-up provision, as more fully described in the applicable Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of the life of a Fund if the relevant General Partner has received excess cumulative distributions.

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

### **Other Information**

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

Silver Oak generally has the right to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Silver Oak and any other person designated by Silver Oak, such as “friends and family” of Silver Oak or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Any such exemption from fees and/or carried interest may be made by a direct exemption, investment through a separate class of limited partnership interests of a given Fund, or through other Funds which co-invest with the relevant investor’s Fund. For example, in instances where a Silver Oak professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Governing Documents, certain General Partners may have the right to permit investors, affiliated with Silver Oak or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors.

Principals or other current or former employees of Silver Oak may receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the General Partner.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. As set forth more fully in the applicable Governing Documents, each Fund generally will pay all costs and expenses relating to such Fund’s activities, investments and business to the extent not reimbursed by portfolio companies, generally including all reasonable third party fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the identifying, sourcing (including meeting with consultants, broker dealers, investment banks and other sources of investments), structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases or research services), acquiring, bidding on, owning, managing, monitoring, settling, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving, or otherwise disposing of, as applicable, actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including

any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants (including environmental, social and governance consultants), executive search firms, data providers, title companies and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Fund, the General Partner or any “affiliated partner” on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive (“AIFMD”)), Swiss representative and paying agent appointed pursuant to the Swiss Collective Investment Schemes Act, (as amended), including any law, rule, or regulation related to the implementation thereof, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees, salary and other compensation paid and benefits provided to consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) insurance (including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review and analysis of insurance policies; (ix) filing, title, transfer, survey, registration and other similar fees and expenses; (x) printing, communications, mailing, courier, marketing and publicity; (xi) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, or any other administrative, compliance or regulatory filings or reports (including Form PF, any filings or reports contemplated by AIFMD and Bureau of Economic Analysis Reports) or other information, including fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xii) compliance with any financial account reporting regime, including the United States Foreign Account Tax Compliance Act, the Organization for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, and any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting and ledger systems) or other administrative or reporting tools (including subscription-based services); (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with EU Data Protection Law or FOIA);



(xv) to the extent provided in the Limited Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xvi) indemnification (including legal and any other fees, costs and expenses incurred in connection with indemnifying any partner or other person or entity and advancing fees, costs and expenses incurred by any such person or entity in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Limited Partnership Agreement), except as otherwise set forth in the Limited Partnership Agreement; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xviii) any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference, meeting or webcast with the limited partners, in each case to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner; (xix) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with the Fund, any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any structuring or restructuring of any Fund entity; (xx) the termination, liquidation, winding up or dissolution of the Fund and any legal entities owned directly or indirectly by the Fund, including portfolio companies and related entities; (xxi) defaults by partners in the payment of any capital contributions; (xxii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner, any entities owned directly or indirectly by the Fund (including portfolio companies of the Fund) and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxiii) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions, anti-terrorism or environmental, social or governance considerations) including and legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto and any regulatory expenses of the General Partner incurred in connection with the operation of the Fund; (xxiv) any litigation or governmental inquiry, investigation or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Limited Partnership Agreement; (xxv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Limited Partnership Agreement or any limited partner's name change, internal restructuring or change in registered agent; (xxvi) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Limited Partnership Agreement), and any costs and expenses of or related to the "partnership

representative” of the Fund; (xxvii) distributions to the partners and other expenses associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxviii) unreimbursed expenses and unpaid fees of the Services Executive Partners (as defined below); (xxiv) compliance or regulatory matters, except as otherwise set forth in the Limited Partnership Agreement, including compliance with the Limited Partnership Agreement and/or any letter agreement and costs and expenses incurred in connection with the most-favored-nations process; (xxx) any experts, including independent appraisers engaged by the General Partner in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more affiliates of the Fund or the General Partner; (xxxi) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of Silver Oak Services Partners or the General Partner at any trade conference, including any applicable registration fees and exhibition, sponsorship or other presentation fees, costs and expenses; (xxxii) any travel (including commercial air travel, car or ride sharing services and other modes of transportation), lodging, meals or entertainment relating to any of the foregoing in connection with consummated investment and disposition opportunities (including activities related to investment opportunities prior to the initial closing date); (xxxiii) closing dinners; (xxxiv) mementos; (xxxv) the costs of hosting or attending training programs, meetings or other events for portfolio companies and/or their personnel; (xxxvi) costs of workspaces or shared spaces; (xxxvii) after-hours meals or transportation; (xxxviii) advance payments of estimated expense amounts; (xxxix) expenses relating to hiring consultants or portfolio company personnel (*e.g.*, headhunter fees, background checks or relocation expenses); (xl) any placement fees payable to any placement agent (not including any out-of-pocket expenses payable to any placement agent) in connection with the formation of the Fund and (xli) any other fees, costs, expenses, liabilities or obligations approved by the advisory board. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

In some cases, a co-investment vehicle may be formed to invest in portfolio companies alongside one or more Funds in connection with the consummation of a transaction. If a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, no such co-investment vehicle generally will have been formed, and all out-of-pocket expenses incurred in connection with a proposed transaction that is not consummated (“**Broken Deal Expenses**”) will be borne by the Fund or Funds selected by the applicable General Partner as proposed investors for such proposed transaction, and not by any potential co-investors that were to have participated in such transaction, to the extent set forth in the applicable Limited Partnership Agreement. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses. Notwithstanding the foregoing, travel expenses incurred in connection with a proposed transaction that is not consummated for Fund II, Fund III and future Funds will be borne directly or indirectly by Silver Oak.

Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

## **Service Executive Partners**

Additionally, as further described herein and as more fully described in the applicable Memorandum, certain Services Executive Partners (as defined below) that are not employees of Silver Oak may provide services to one or more Funds or certain current or prospective Silver Oak portfolio companies, and, in connection with such services, such Services Executive Partners may receive compensation from such Silver Oak portfolio companies that is not subject to the Management Fee offsets described above. Such Services Executive Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. The use of Services Executive Partners subjects Silver Oak to conflicts of interest, as discussed under “Methods of Analysis, Investment Strategies and Risk of Loss — Conflicts of Interest,” below.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” each General Partner receives a carried interest allocation on certain realized profits in the respective Fund(s) it advises. A carried interest allocation represents a General Partner’s compensation based on a percentage of net realized profits of the Fund(s) it advises. To the extent that Silver Oak personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. Silver Oak seeks to address the potential for conflicts of interest in these matters with allocation policies and practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Silver Oak or any personnel. Additionally, Silver Oak may advise vehicles that are not subject to Management Fees or a carried interest. While this practice could present a conflict of interest because Silver Oak has an incentive to favor accounts for which it receives the highest performance based compensation, Silver Oak does not believe this arrangement poses a conflict of interest in practice because such vehicles are expected to invest alongside the Funds at substantially the same time and on substantially the same terms as the Funds and dispose of such investments in a similar manner. See “Methods of Analysis, Investment Strategies and Risk of Loss — Conflicts of Interest” for further discussion.

## **TYPES OF CLIENTS**

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

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

Each Fund has a minimum investment amount of \$5 million for third-party investors. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. Silver Oak may waive such minimum investment amounts.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

Each Fund’s focus is to make primarily buyout investments in lower middle market companies in the business, consumer and healthcare services industries.

The following is a summary of the investment strategies and methods of analysis generally employed by Silver Oak on behalf of the Funds. More detailed descriptions of the Funds’ investment strategies and methods of analysis are included in the relevant Memorandum for each Fund. There can be no assurance that Silver Oak will achieve the investment objectives of any of the Funds and a loss of investment is possible.

### **Investment and Operating Strategy**

Silver Oak focuses primarily on buyouts and control-oriented investments in U.S.-based lower middle market companies, typically with EBITDA of \$4 million to \$25 million, in the business, consumer and healthcare service sectors.

This strategy is characterized by the following key elements:

- Disciplined investment focus
- Research-driven investment approach
- Comprehensive due diligence process
- Customized value creation and active portfolio management

*Disciplined Investment Focus.* Silver Oak intends to make primarily control-oriented investments in leveraged acquisition, recapitalization, build-up, and growth transactions in companies with the following characteristics:

Lower middle market companies. Silver Oak seeks to make investments in lower middle market companies, typically with EBITDA of \$4 million to \$25 million at the time of acquisition.

Service businesses. Silver Oak intends to primarily focus on investments in service businesses. Silver Oak believes these companies often provide services on a third-party basis to replace activities historically conducted in-house. Silver Oak believes that the decision to outsource services to a third-party provider is driven by one or more components of the outsourcing value proposition: (i) conversion of fixed costs to variable costs, (ii) reduction of capital tied up in non-core activities, (iii) mitigation of regulatory and compliance risks, (iv) cost benefits due to the outsourced provider achieving economies of scale, (v) improved service quality, and (vi) the ability to focus on core competencies. Silver Oak believes that the increasing use of outsourcing is a key driver of long-term growth and value creation for services companies.

*Research-Driven Investment Approach.* The foundation of Silver Oak’s investment approach is its proprietary research process, augmented by Silver Oak’s extensive professional network built during the team’s 92 years of collective private equity experience. This network includes current and former executives of service businesses (“**Services Executive Partners**” or “**SEPs**”) who act as additional resources in sourcing, diligence, and post-investment value creation. Silver Oak seeks to acquire platform companies at multiples of 5-8x EBITDA.

*Comprehensive Due Diligence Process.* Silver Oak typically seeks to invest in service businesses typically with EBITDA of \$4 million to \$25 million. Silver Oak has developed a comprehensive set of investment criteria intended to evaluate each targeted sector and each investment opportunity consistently. Such criteria include:

- Availability of acquisition targets with \$4 million - \$25 million of EBITDA
- Attractive buy-in valuations
- High recurring unit volumes
- Volume growth faster than real GDP growth with low cyclicalities
- Low to moderate penetration of outsourced service
- Fragmented industry
- Consistency with macro and sector trends
- Limited risk from technological changes or regulatory / legislative risk
- Limited customer concentration
- High impact from tech / process improvements to drive down unit costs
- Potential to drive revenue growth with high incremental margins

- Low capital intensity
- Strong margins
- Strong pricing power

*Customized Value Creation and Active Portfolio Management.* Silver Oak has extensive experience working with management teams to drive operating results in lower middle market services companies and creates tailored value creation playbooks for each portfolio company.

These playbooks cover six aspects that Silver Oak believes are important to create value for each investment:

- Strategy and management team
- Operations and technological improvements
- Sales and marketing
- Financial and metrics management
- Add-on acquisitions
- Exit planning

## **Risks of Investment**

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

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

*Future and Past Performance.* The performance of Silver Oak's prior investments is not necessarily indicative of a Fund's future results. While Silver Oak intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

*Concentration of Investments.* Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

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

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

*Growth Equity Transactions.* A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which a Fund may invest, including various segments of the healthcare industry, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including in particular the healthcare industry, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest. By way of example, the healthcare industry has been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local and non-U.S. legislative proposals related to such industry and are

introduced from time to time, which, if adopted, could have a significant impact on such industry in general and/or on companies in which a Fund may invest.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including, without limitation, unfunded commitments.

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

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by Silver Oak or any of its affiliates and may have a right of contribution, subrogation



or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

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

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

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

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than limited partner capital,

including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

*Limited Transferability of Fund Interests.* There will be no public market for a Fund's interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

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

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of a Fund will be vested entirely with its General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of Silver Oak. The loss or reduction of service of one or more of the principals of Silver Oak could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend entirely on the actions of such Fund's General Partner. Although a General Partner will monitor the performance of each 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 a Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Fund's objectives.

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

*Conflicting Investor Interests.* Limited partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by a General Partner regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and

disposing of investments, a General Partner generally will consider the investment and tax objectives of a Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

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

*Non-U.S. Investments.* A Fund may invest in portfolio companies that are organized and/or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

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

*Significant Adverse Consequences for Default.* The Governing Documents for each Fund provide for significant adverse consequences in the event a limited partner defaults on its commitment or other payment obligations. In addition to losing its right to potential distributions from a Fund, a defaulting limited partner may be forced to transfer its interest in such Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

*Dilution.* Limited partners admitted to or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of such Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its *pro rata* share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

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

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

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

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

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

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

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

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, a General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable

nature, facts and circumstances of the respective investments. 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 ultimately may be sold. The exercise of discretion in valuation by a General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

*Cybersecurity Breaches and Identity Thefts.* Silver Oak and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Silver Oak's, a Fund's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Silver Oak's, a Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

## **Conflicts of Interest**

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

During the commitment period of a Fund, Silver Oak pursues all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions set forth in the Fund's Governing Documents and Silver Oak's allocation policies. However, Silver Oak currently manages, and expects in the future to manage, other investment funds and investments similar to those in which the Funds invest, and may direct certain relevant investment opportunities to those investment funds and investments. Silver Oak's investment staff will continue to manage and monitor such investment funds and investments until their realization. Silver Oak believes that its significant investment in the Funds, as well as its receipt of carried interest, operate to align, to some extent, the interest of Silver Oak with the interest of the partners, although Silver Oak may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such other investment funds and investments.

Such other investment funds and investments that Silver Oak may control or manage may compete with the Funds or companies acquired by the Funds. Following the commitment period of a Fund, Silver Oak may and likely will focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Silver Oak will be presented with investment opportunities that would be suitable for more than one of the Funds and other investment vehicles operated by advisory affiliates of Silver Oak. In determining which investment vehicles should participate in such investment opportunities, Silver Oak and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Governing Documents, Silver Oak is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Silver Oak in a portfolio company may also raise the risk of using assets of a client of Silver Oak to support positions taken by other clients of Silver Oak.

Silver Oak must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Silver Oak generally assesses whether an investment opportunity is appropriate for a particular Fund based on such Fund's Governing Documents, as well as factors including but not limited to: the amount of available capital of the applicable Silver Oak Funds, anticipated future capital requirements of an investment opportunity, expected time to obtain liquidity, conflicts considerations, limitations on the pace of capital deployment or other limitations in the Governing Documents of the applicable Silver Oak Funds, investment and operating guidelines, diversification limitations, investment strategies and objectives, investment restrictions, legal, tax and regulatory considerations, and any other factors deemed relevant by Silver Oak. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. Silver Oak will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Governing Documents, side letter arrangements and Silver Oak's procedures regarding investment allocations and co-investments.

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

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

Investment opportunities may be appropriate for multiple Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of each such investment, particularly where certain Funds intend to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. In certain circumstances Funds may be prohibited from exercising (or Silver Oak may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests.

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

Silver Oak may advise co-invest vehicles that invest alongside the Funds in portfolio companies. Certain third-party investors may be permitted to participate in such co-invest vehicles or in some cases co-invest directly in a particular portfolio company. Any co-invest opportunities are generally only offered to co-invest vehicles or direct co-investors if there is excess capacity in a particular investment opportunity (*i.e.*, if Silver Oak has determined not to purchase the entire investment opportunity on behalf of a Fund). Silver Oak will select which investors are permitted to invest in co-invest vehicles or co-invest directly in a particular portfolio company based on various factors, such as: (i) expressed interest in co-investment opportunities by the prospective co-investor and its investment appetite; (ii) expertise of the prospective co-investor in the industry to which the investment opportunity relates and/or any facilitation by the co-investor in bringing the investment opportunity to the Fund or in helping to secure the investment opportunity; (iii) perceived ability to quickly execute on transactions; (iv) size of current or future commitment to a Fund by the prospective co-investor; (v) tax, regulatory, securities laws and/or other legal considerations; (vi) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vii) perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; (viii) the relevant General Partner's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the



investment opportunity if offered or would impair the General Partner's ability to execute the relevant transaction in the desired time or on desired terms; (ix) size of investment allocation and practicality of dividing it up among multiple co-investors; (x) lender requirements; (xi) perceived public relations and reputational benefits or costs; and (xii) whether the relevant General Partner believes that allocating investment opportunities to a current Silver Oak Fund investor or other third-party person or entity will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, the Funds, Silver Oak or their respective affiliates; and other appropriate factors. Although a prospective co-investor's willingness to invest in future Funds may be considered by Silver Oak, it generally will not be the sole determining factor considered by Silver Oak in identifying co-investors. Since it is Silver Oak's policy to give the Funds priority with respect to investment opportunities, the co-invest vehicles and third-party co-investors likely will only be offered co-invest opportunities from time to time to the extent an investment opportunity is not fully allocated to the Funds.

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

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

Because each General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for Silver Oak to cause a Fund to make riskier or more speculative investments than would otherwise be the case. However, Silver Oak believes that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of Silver Oak with that of the Funds. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Silver Oak may not otherwise have done so.

As a result of the Funds' controlling interests in portfolio companies, Silver Oak and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Silver Oak personnel or persons serving at their request), or to influence their

appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Silver Oak and/or its affiliates. Except to the extent such amounts are subject to the relevant Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to its General Partner.

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

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

Silver Oak and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Silver Oak and/or its affiliates; conversely, current or former personnel or executives of Silver Oak and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Silver Oak. Similarly, Silver Oak, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service

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

Silver Oak, its affiliates, and equity-holders, officers, principals and employees of Silver Oak and its affiliates may buy or sell securities or other instruments that Silver Oak has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Related persons of Silver Oak have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore may have additional conflicting interests in connection with these investments.

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

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to certain Services Executive Partners or to other third-party consultants (including consultants introduced or arranged by Silver Oak and/or its affiliates that may regularly provide services to one or more portfolio companies) and such fees do not offset the Management Fee as described herein. Although the use of Services Executive Partners and the allocation of compensation paid to them by Silver Oak, their affiliates and/or the portfolio companies may subject Silver Oak and/or its affiliates to potential conflicts of interest, Silver Oak believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Services Executive Partner(s) is lower than market rates for the services provided and/or if the quality of the services of the Services Executive Partner(s) make a greater contribution to the success of the portfolio company. Although Silver Oak seeks to use or retain Services Executive Partners with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Silver Oak also seeks to reduce potential conflicts of interest resulting

from such arrangements by structuring compensation packages for such persons in a manner that Silver Oak believes will align such persons' interests with those of the Funds' limited partners, and seeks to use or retain only Services Executive Partners and other service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

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

Silver Oak has instituted a program under which portfolio companies owned by the Funds participate in purchasing, vendor or similar arrangements with Silver Oak, its affiliates and other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a group-wide basis. Silver Oak and its affiliates also participate in the program and receive similar benefits and discounts as the portfolio companies participating therein.

Since the General Partners are permitted to retain certain fees (as described under “**Fees and Compensation**”) in connection with Fund investments, Silver Oak could have a conflict of interest in connection with approving transactions and setting such compensation. Silver Oak manages such conflicts by partially offsetting the Management Fee with such fees. In addition, Silver Oak believes the potential conflict is further mitigated by the fact that such fees generally are negotiated with the applicable portfolio company's management team and other co-investors, as applicable.

Silver Oak has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Silver Oak has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. Discounted prices or better terms offered by a portfolio company to Silver Oak, any other portfolio company or third parties may affect the returns of the portfolio company.

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

## **DISCIPLINARY INFORMATION**

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

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under “**Advisory Business**” above, Silver Oak Services Partners is affiliated with the General Partners, which are registered with the SEC under the Advisers Act pursuant to Silver Oak Services Partners’ registration in accordance with SEC guidance. The General Partners operate as a single advisory business together with Silver Oak Services Partners and serve as general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

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

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

A copy of the Code will be provided to any investor or prospective investor upon request to Katie E. Perry, the Chief Compliance Officer, at (847) 332-0400. Personal securities transactions by Silver Oak personnel who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

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

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

Principals and employees of Silver Oak and its affiliates may directly or indirectly own an interest in one or more Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of Silver Oak, as well as third-party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company.

The Funds may invest together with other private investment funds advised by an affiliated adviser of Silver Oak in the manner set forth in the applicable Limited Partnership Agreement. Silver Oak will allocate investment opportunities or advisory recommendations in a manner that it believes is fair and equitable to its clients, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and the Silver Oak investment allocation and co-investment policy.

From time to time, a General Partner may advance funds on behalf of a Fund and contribute such borrowed amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing is typically borne by the relevant Fund consistent with the Governing Documents.

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

### **BROKERAGE PRACTICES**

Silver Oak focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Silver Oak may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market

exists. Although Silver Oak does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

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

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

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

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

Silver Oak does not anticipate engaging in significant public securities transactions; however, to the extent that Silver Oak engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Silver Oak may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Silver Oak may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “**batched**” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are expected to be executed in a manner intended to ensure that no participating Fund of Silver Oak is favored over any other Fund.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

## **REVIEW OF ACCOUNTS**

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

Silver Oak generally will provide to its limited partners (i) GAAP audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, (iv) descriptive investment information for each portfolio company quarterly, (v) a statement of the aggregate commitments of the Fund quarterly and (vi) certain other information as set forth in the applicable Limited Partnership Agreement.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

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

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



## **CUSTODY**

As required by the Advisers Act, Silver Oak has established an account in the name of one or more Funds with the following qualified custodian to hold funds and securities on behalf of the Funds: Citizens, N.A., One Citizens Plaza, Providence, RI 02903-1339.

## **INVESTMENT DISCRETION**

Silver Oak has discretionary authority to manage investments on behalf of each Fund. As a general policy, Silver Oak does not allow clients to place limitations on this authority.

Pursuant to the terms of the Governing Documents, however, Silver Oak and/or its affiliates may enter into “**side letter**” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Silver Oak assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

## **VOTING CLIENT SECURITIES**

Silver Oak has adopted the Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for a Fund’s portfolio investments. The Proxy Policy seeks to ensure that Silver Oak votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Silver Oak generally believes its interests are aligned with those of a Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Silver Oak may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board may approve Silver Oak’s vote in a particular solicitation. Silver Oak does not consider service on portfolio company boards by Silver Oak personnel or Silver Oak’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Silver Oak when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Silver Oak’s complete Proxy Policy or information regarding how Silver Oak voted proxies for particular portfolio companies may contact Katie E. Perry, the Chief Compliance Officer, at (847) 332-0400, and it will be provided at no charge.

## **FINANCIAL INFORMATION**

Silver Oak does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.