

**INVESTMENT ADVISER BROCHURE**

**TZP MANAGEMENT ASSOCIATES, LLC**

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**March 29, 2019**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of TZP Management Associates, LLC, a Delaware limited liability company (“TZP Management”). If you have any questions about the contents of this Brochure, please contact us at (212) 398-0300. 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.**

TZP Management 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 TZP Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

This Brochure is an annual update and contains material changes since the last annual update dated March 31, 2018 to (i) add of an affiliated investment adviser, a new private investment fund and its general partner, (ii) supplement existing disclosures relating to the business practices of TZP Management and its affiliates and related potential conflicts of interest under “Fees and Compensation”, “Performance-Based Fees and Side by Side Management”, “Methods of Analysis, Investment Strategies and Risk of Loss” and “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” and (iii) reflect disclosures regarding the name change of TZP Growth Partners I, L.P, and the fund family’s affiliated entities. The following name changes have taken effect June 21, 2018.

- a. TZP Growth Partners I, L.P. to TZP Small Cap Partners I, L.P.
- b. TZP Growth Partners I-A (Blocker), L.P. to TZP Small Cap Partners I-A (Blocker), L.P.
- c. TZP Growth Fund Manager, L.P. to TZP Small Cap Fund Manager I, L.P.
- d. TZP Growth Partners GP I, L.P. to TZP Small Cap Partners GP I, L.P.
- e. TZP Growth Partners GP I, LLC to TZP Small Cap Partners GP I, LLC

There were no material changes to the organizational documents of the above entities beyond the name change.

## ADVISORY BUSINESS

TZP Group is a private investment management firm, including registered investment advisory entities and other organizations affiliated with TZP Management Associates, LLC, a Delaware limited liability company (“**TZP Management**” and, together with such affiliated organizations, collectively, “**TZP Group**”) that manages approximately \$1.646 billion in private fund assets. TZP Group commenced operations in March 2007.

TZP Management, a registered investment adviser, and its affiliated investment advisers, TZP Capital Partners GP I, LLC (“**TZP Capital Fund I GP**”), TZP Capital Partners GP II, (“**TZP Capital Fund II GP**”), TZP Capital Partners GP III, L.P. (“**TZP Capital Fund III GP**”), TZP Small Cap Partners GP I, L.P. (“**TZP Small Cap Fund I GP**”), and TZP Small Cap Partners GP II, L.P. (“**TZP Small Cap Fund II GP**”, together with TZP Capital Fund I GP, TZP Capital Fund II GP, TZP Capital Fund III GP, and TZP Small Cap Fund I GP, the “**General Partners**”), TZP Fund Manager II, L.P. (“**TZP Capital Fund II Manager**”), TZP Fund Manager III, L.P. (“**TZP Capital Fund III Manager**”), TZP Small Cap Fund Manager I, L.P. (“**TZP Small Cap Fund I Manager**”) and TZP Small Cap Fund Manager II, L.P. (“**TZP Small Cap Fund II Manager**”, together with TZP Capital Fund II Manager, TZP Capital Fund III Manager, TZP Small Cap Fund I Manager, and the General Partners, the “**Affiliated Advisers**”, and the Affiliated Advisers with TZP Management, the “**Advisers**”) provide investment advisory services to private investment funds. Each Affiliated Adviser is registered under the Advisers Act pursuant to TZP Management’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each Affiliated Adviser, which operate as a single advisory business together with TZP Management.

TZP Capital Fund I GP has delegated the management of the business and affairs of TZP Capital Fund I to TZP Management. TZP Capital Fund II GP has delegated the management of the business and affairs of TZP Capital Fund II to TZP Capital Fund II Manager. TZP Small Cap Fund I

GP has delegated the management of the business and affairs of TZP Small Cap Fund I to TZP Small Cap Fund I Manager. TZP Capital Fund III GP has delegated the management of the business and affairs of TZP Capital Fund III to TZP Capital Fund III Manager. TZP Small Cap Fund II GP has delegated the management of the business and affairs of TZP Small Cap Fund II to TZP Small Cap Fund II Manager. TZP Management in turn performs such management on behalf of TZP Capital Fund II Manager, TZP Capital Fund III Manager, TZP Small Cap Fund I Manager, and TZP Small Cap Fund II Manager. (See below for a list of TZP Capital Fund I, TZP Capital Fund II, TZP Capital Fund III, TZP Small Cap Fund I and TZP Small Cap Fund II funds; TZP Capital Fund I, TZP Capital Fund II, TZP Capital Fund III, TZP Small Cap Fund I, TZP Small Cap Fund II and any future private investment fund managed by TZP Management or its advisory affiliates, each a “**Fund**,” and collectively, the “**Funds**”). The investors of the Funds (other than the General Partners), as applicable, are referred to herein as “**Limited Partners**” and the Limited Partners together with the General Partners are referred to herein as the “**Partners**”. With respect to each Fund, as applicable, the General Partner and any Limited Partner affiliated with the General Partner or its affiliates, including Limited Partners serving on the board of advisors (the “**Board of Advisors**”) with respect to the related Fund, are referred to herein as “**Affiliated Partners**” of the Fund.

The Funds are private equity funds and invest through negotiated transactions in operating entities generally referred to herein as “**portfolio companies**.” The Advisers’ investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted, subject to certain limitations set forth in the applicable Fund’s limited partnership agreement (each, a “**Limited Partnership Agreement**”). From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Advisers or their affiliates may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over the management of a Fund’s portfolio companies.

From time to time, the Advisers may provide (or agree to provide) certain investors or other persons, including the Advisers’ personnel and/or certain other persons associated with the Advisers and/or their affiliates (to the extent not prohibited by the applicable Limited Partnership Agreement), co-investment opportunities (including the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a Fund. Such co-invest vehicles 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, a co-investor or co-invest vehicle 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 or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, and the co-investor or co-invest vehicle may be charged interest on the purchase (or the purchase price may otherwise be equitably adjusted under certain conditions) to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.

TZP Capital Fund I GP, a Delaware limited liability company, is the general partner of the following private investment funds:

- TZP Capital Partners I, L.P., a Delaware limited partnership (the “**TZP Capital Main Fund I**”)
- TZP Capital Partners I (PIV), L.P., a Delaware limited partnership (“**TZP Capital Fund I PIV**”)

Additionally, TZP Capital Fund I GP is the general partner of the following alternative investment vehicles (the “**TZP Capital Fund I Alternative Investment Vehicles**”), which were formed for the purpose of investing in certain portfolio company investments of TZP Capital Main Fund I. The TZP Capital Fund I Alternative Investment Vehicles, together with TZP Capital Main Fund I, TZP Capital Fund I PIV, any feeder vehicles, other alternative investment vehicles and special purpose entities are collectively referred to herein as “**TZP Capital Fund I.**”

- TZP Capital Partners I MS (AIV), L.P., a Delaware limited partnership
- TZP Capital Partners I MS (PIV-AIV), L.P., a Delaware limited partnership
- TZP Capital Partners I SP (AIV), L.P., a Delaware limited partnership
- TZP Capital Partners I SP (PIV-AIV), L.P., a Delaware limited partnership
- TZP Capital Partners I T5 (AIV), L.P., a Delaware limited partnership
- TZP Capital Partners I T5 (PIV-AIV), L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to “TZP Capital Fund I” include each of the above-named private funds. While the substantial majority of the terms of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund’s Limited Partnership Agreement for specific terms with respect to that private fund.

Further, TZP Capital Fund I GP is the manager of each of the following co-investment funds (collectively, the “**TZP Capital Fund I Co-Investment Vehicles**”), which were formed for the purpose of investing with TZP Capital Fund I in certain portfolio company investments of TZP Capital Fund I at the same time and on the same terms on a pro rata basis based on relative commitment sizes of TZP Capital Fund I and the relevant TZP Capital Fund I Co-Investment Vehicles.

- MS Investment Vehicle LLC, a Delaware limited liability company
- SP Investment Vehicle, LLC, a Delaware limited liability company
- T5 Investment Vehicle, LLC, a Delaware limited liability company

TZP Capital Fund II GP, a Delaware limited partnership, is the general partner of the following private investment funds:

- TZP Capital Partners II, L.P., a Delaware limited partnership (the “**TZP Capital Main Fund II**”)
- TZP Capital Partners II-A (Blocker), L.P., a Delaware limited partnership (“**TZP Capital Fund II-A (Blocker)**”)

Additionally, TZP Capital Fund II GP is the general partner of the following alternative investment vehicles (the “**TZP Capital Fund II Alternative Investment Vehicles**”), which were

formed for the purpose of investing in a certain portfolio company investment of TZP Capital Main Fund II. The TZP Capital Fund II Alternative Investment Vehicles, together with TZP Capital Main Fund II, TZP Capital Fund II-A (Blocker), any feeder vehicles, other alternative investment vehicles and special purpose entities are collectively referred to herein as “**TZP Capital Fund II.**”

- Spartacus Cayman AIV-A, L.P. , LLC, a Cayman Islands Exempt Limited Partnership
- Spartacus Cayman AIV-B, L.P. , LLC, a Cayman Islands Exempt Limited Partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to “TZP Capital Fund II” include each of the above-named private funds. While the substantial majority of the terms of each above-named fund are the same, each of such funds was formed to suit the purposes of certain types of investors so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund’s Limited Partnership Agreement for specific terms with respect to that private fund.

Further, TZP Capital Fund II GP is the manager of each of the following co-investment funds (collectively, the “**TZP Capital Fund II Co-Investment Vehicles**”), which were formed for the purpose of investing with TZP Capital Fund II in certain portfolio company investments of TZP Capital Fund II at the same time and on the same terms on a pro rata basis based on relative commitment sizes of TZP Capital Fund II and the relevant TZP Capital Fund II Co-Investment Vehicles.

- Snap Investments, LLC, a Delaware limited liability company
- GES Investments Holdings, LLC, a Delaware limited liability company
- Spartacus Investments, Ltd., a Cayman Islands Exempted Company
- Pyramid Investors, LLC, a Delaware limited liability company
- Kingsbridge Holding Aggregator, LLC, a Delaware limited liability company
- Hylan Investor Holdings Group, LLC, a Delaware limited liability company
- TZP Poseidon Holdings, LLC, a Delaware limited liability company

TZP Capital Fund III GP, a Delaware limited partnership, is the general partner of the following private investment funds:

- TZP Capital Partners III, L.P., a Delaware limited partnership (the “**TZP Capital Main Fund III**”)
- TZP Capital Partners III-A (Blocker), L.P., a Delaware limited partnership (“**TZP Capital Fund III-A (Blocker)**”)

Additionally, in the future, TZP Capital Fund III GP may serve as the general partner of one or more alternative investment vehicles (any such vehicle, the “**TZP Capital Fund III Alternative Investment Vehicles**”), which would be formed for the purpose of investing in a certain portfolio company investment of TZP Capital Main Fund III. The TZP Capital Fund III Alternative Investment Vehicles, together with TZP Capital Main Fund III, TZP Capital Fund III-A (Blocker), any feeder vehicles, other alternative investment vehicles and special purpose entities are collectively referred to herein as “**TZP Capital Fund III.**”

For the sake of clarity, unless otherwise indicated, references in this Brochure to “TZP Capital Fund III” include each of the above-named private funds. While the substantial majority of the terms

of each above-named fund are the same, each of such funds was formed to suit the purposes of certain types of investors so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Limited Partnership Agreement for specific terms with respect to that private fund.

Further, TZP Capital Fund III GP is the manager of the following co-investment funds (collectively, the **"TZP Capital Fund III Co-Investment Vehicles"**), which were formed for the purpose of investing with TZP Capital Fund III in certain portfolio company investments of TZP Capital Fund III at the same time and on the same terms on a pro rata basis based on relative commitment sizes of TZP Capital Fund III and the relevant TZP Capital Fund III Co-Investment Vehicles.

- TZP Poseiden Holdings, LLC, a Delaware limited liability company
- Dwellworks Co-Investment, LLC, a Delaware limited liability company

TZP Small Cap Fund I GP, a Delaware limited partnership, is the general partner of the following private investment funds (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, **"TZP Small Cap Fund I"**):

- TZP Small Cap Partners I, L.P., a Delaware limited partnership (the **"TZP Small Cap Main Fund I"**)
- TZP Small Cap Partners I-A (Blocker), L.P., a Delaware limited partnership (**"TZP Small Cap Fund I-A (Blocker)"**)

For the sake of clarity, unless otherwise indicated, references in this Brochure to "TZP Small Cap Fund I" include each of the above-named private funds. While the substantial majority of the terms of each above-named fund are the same, each of such funds was formed to suit the purposes of certain types of investors so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Limited Partnership Agreement for specific terms with respect to that private fund.

Further, TZP Small Cap Fund I GP is the manager of the following co-investment funds (the **"TZP Small Cap Fund I Co-Investment Vehicles"**), which were formed for the purpose of investing with TZP Small Cap Fund I in certain portfolio company investments of TZP Small Cap Fund I at the same time and on the same terms on a pro rata basis based on relative commitment sizes of TZP Small Cap Fund I and the relevant TZP Small Cap Fund I Co-Investment Vehicles.

- FEG Investment Holdings, LLC, a Delaware limited liability company
- TOH Investment Holdings, LLC, a Delaware limited liability company
- TZP BTux Holdings, LLC, a Delaware limited liability company

TZP Small Cap Fund II GP, a Delaware limited partnership, is the general partner of the following private investment funds:

- TZP Small Cap Partners II, L.P., a Delaware limited partnership (the **"TZP Small Cap Main Fund II"**)
- TZP Small Cap Partners II-A (Blocker), L.P., a Delaware limited partnership (**"TZP Small Cap Fund II-A (Blocker)"**)

Additionally, in the future, TZP Small Cap Fund II GP may serve as the general partner of one or more alternative investment vehicles (any such vehicle, the “**TZP Small Cap Fund II Alternative Investment Vehicles**”), which would be formed for the purpose of investing in a certain portfolio company investment of TZP Small Cap Main Fund II. The TZP Small Cap Fund II Alternative Investment Vehicles, together with TZP Small Cap Main Fund II, TZP Small Cap Fund II-A (Blocker), any feeder vehicles, other alternative investment vehicles and special purpose entities are collectively referred to herein as “**TZP Small Cap Fund II.**”

For the sake of clarity, unless otherwise indicated, references in this Brochure to “TZP Small Cap Fund II” include each of the above-named private funds. While the substantial majority of the terms of each above-named fund are the same, each of such funds was formed to suit the purposes of certain types of investors so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund’s Limited Partnership Agreement for specific terms with respect to that private fund.

Further, TZP Small Cap Fund II GP may serve as the manager of one or more co-investment funds (collectively, the “**TZP Small Cap Fund II Co-Investment Vehicles**”), which would be formed for the purpose of investing with TZP Small Cap Fund II in certain portfolio company investments of TZP Small Cap Fund II at the same time and on the same terms on a pro rata basis based on relative commitment sizes of TZP Small Cap Fund II and the relevant TZP Small Cap Fund II Co-Investment Vehicles.

The Advisers’ advisory services for the Funds are detailed in the applicable private placement memoranda and the supplements thereto (each, a “**Private Placement Memorandum**” and, collectively, the “**Private Placement Memoranda**”) and the Limited Partnership Agreements of the Funds and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in a Fund participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, tax, accounting, regulatory or other applicable considerations. The Funds have entered into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the applicable Limited Partnership Agreements.

As of December 31, 2018, the Advisers managed approximately \$1.646 billion in client assets on a discretionary basis. The Advisers are controlled (within the meaning of the Advisers Act) by Samuel L. Katz. Please refer to TZP Management’s Form ADV Part 1A for a list of its, TZP Capital Fund II Manager’s, TZP Capital Fund III Manager’s, TZP Small Cap Fund I Manager’s and TZP Small Cap Fund II Manager’s principal owners.

## **FEES AND COMPENSATION**

In general, the Advisers receive (directly or indirectly) a management fee (“Management Fee”) paid by the Funds in connection with advisory services they provide. The Advisers or other TZP Group entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds (e.g., the General Partners receive Carried Interest, discussed in detail below) and certain additional compensation will offset, in whole or in part, the Management Fee otherwise payable to the Advisers. In addition, the Advisers may



receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses, as described below.

## **MANAGEMENT FEES**

### **TZP Capital Fund I**

TZP Capital Fund I pays TZP Management an annual Management Fee, payable quarterly in advance, equal to 2% per annum of the aggregate funded commitments of its Limited Partners (without duplication) in respect of portfolio investments that have not been the subject of a disposition, until dissolution of the TZP Capital Fund I.

TZP Management has the right to contract for and receive transaction fees, break-up fees and directors' fees (collectively, "Supplemental Fees") in connection with the activities of TZP Capital Fund I; provided, however, that an amount equal to the sum of each Limited Partner's (other than Affiliated Partners) pro rata share (based on such Limited Partner's sharing percentage with respect to the applicable portfolio company or proposed portfolio company) of (A) (i) 25% of the first \$2 million for each fiscal year, (ii) 50% of the next \$1 million for each fiscal year and (iii) 75% of any amount in excess of \$3 million for each fiscal year, of any such transaction fees; (B) (i) 25% of the first \$2 million for each fiscal year, (ii) 50% of the next \$1 million for each fiscal year and (iii) 75% of any amount in excess of \$3 million for each fiscal year, of any such break-up fees; and (C) 100% of such directors' fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by TZP Capital Fund I; moreover, any such reduction of TZP Capital Fund I's Management Fee will be limited to the extent of TZP Capital Fund I's proportionate interest in any such Supplemental Fees.

To the extent that the Management Fee is not so reduced as of any given payment date because the Management Fee has been reduced to zero, the excess shall be carried over to the next succeeding payment date (and, if necessary, to one or more subsequent payment dates) and applied as a reduction of the Management Fee (but not below zero) for such succeeding payment date (or subsequent payment date).

TZP Capital Fund I's Management Fee is further reduced in the circumstances and by the amounts described in the TZP Capital Fund I Limited Partnership Agreements.

### **TZP Capital Fund I Co-Investment Vehicles**

TZP Capital Fund I Co-Investment Vehicles do not pay a Management Fee.

### **TZP Capital Fund II**

TZP Capital Fund II pays TZP Capital Fund II Manager (net any Management Fee waiver or offsets, as described below), an annual Management Fee, payable quarterly in advance, equal to 2% per annum of aggregate commitments of its Limited Partners (other than Affiliated Partners) until the earlier of the first payment date following (a) the expiration or termination of the TZP Capital Fund II commitment period and (b) the date the Advisers or their affiliates commence receiving or accruing Management Fees with respect to any additional Fund with investment objectives substantially similar to those of TZP Capital Fund II. Thereafter, the Management Fee will be reduced

on a prospective basis to an amount equal to 2% per annum of aggregate funded commitments of its Limited Partners (other than Affiliated Partners) in respect of portfolio investments and bridge financings that have not been the subject of a disposition.

TZP Capital Fund II Manager is entitled to waive Management Fees in exchange for deemed contributions to be funded by the Limited Partners (other than Affiliated Partners) pro rata based on their respective commitments. At least 50% of the TZP Capital Fund II Manager commitment shall be funded in cash, and the remainder may be committed by deemed contribution. TZP Capital Fund II Manager (or an affiliate thereof) will be entitled to any distributions otherwise distributable to the Limited Partners with respect to deemed contributions, but solely out of profits from portfolio investments. For any Management Fees that are waived by TZP Capital Fund II Manager, such waived Management Fees will not be subject to the Management Fee offsets described below. Due to any such waiving of Management Fees and/or timing of receipt of compensation subject to offsets (as described below), it is possible that Management Fee offsets will not be fully realized by investors in TZP Capital Fund II, resulting in an additional benefit to the Advisers.

TZP Capital Fund II Manager has the right to contract for and receive Supplemental Fees in connection with the activities of TZP Capital Fund II; provided, however, that an amount equal to the sum of each Limited Partner's (other than Affiliated Partners) pro rata share (based on such Limited Partner's sharing percentage with respect to the applicable portfolio company or proposed portfolio company) of 100% of any such Supplemental Fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by TZP Capital Fund II; moreover, any such reduction of TZP Capital Fund II's Management Fee will be limited to the extent of TZP Capital Fund II's proportionate interest in any such Supplemental Fees.

To the extent that the Management Fee is not so reduced as of any given payment date because the Management Fee has been reduced to zero, the excess shall be carried over to the next succeeding payment date (and, if necessary, to one or more subsequent payment dates) and applied as a reduction of the Management Fee (but not below zero) for such succeeding payment date (or subsequent payment date).

TZP Capital Fund II's Management Fee is further reduced in the circumstances and by the amounts described in the TZP Capital Fund II Limited Partnership Agreements.

#### *TZP Capital Fund II Co-Investment Vehicles*

TZP Capital Fund II Co-Investment Vehicles do not pay a Management Fee.

#### *TZP Small Cap Fund I*

TZP Small Cap Fund I pays TZP Small Cap Fund I Manager (net any Management Fee waiver or offsets, as described below), an annual Management Fee, payable quarterly in advance, equal to 2% per annum of aggregate commitments of its Limited Partners (other than Affiliated Partners) until the earlier of the first payment date following (a) the expiration or termination of the TZP Small Cap Fund I commitment period and (b) the date the Advisers or their affiliates commence receiving or accruing Management Fees with respect to any additional Fund with investment objectives substantially similar to those of TZP Small Cap Fund I (i.e., TZP Small Cap Partners II, L.P.). Thereafter, the Management Fee will be reduced on a prospective basis to an amount equal to 2% per annum of aggregate funded commitments of its Limited Partners (other than Affiliated Partners)

in respect of portfolio investments and bridge financings that have not been the subject of a disposition.

TZP Small Cap Fund I Manager is entitled to waive Management Fees in exchange for deemed contributions to be funded by the Limited Partners (other than Affiliated Partners) pro rata based on their respective commitments. At least 50% of the TZP Small Cap Fund I Manager commitment shall be funded in cash, and the remainder may be committed by deemed contribution. TZP Small Cap Fund I Manager (or an affiliate thereof) will be entitled to any distributions otherwise distributable to the Limited Partners with respect to deemed contributions, but solely out of profits from portfolio investments. For any Management Fees that are waived by TZP Small Cap Fund I Manager, such waived Management Fees will not be subject to the Management Fee offsets described below. Due to any such waiving of Management Fees and/or timing of receipt of compensation subject to offsets (as described below), it is possible that Management Fee offsets will not be fully realized by investors in TZP Small Cap Fund I, resulting in an additional benefit to the Advisers.

TZP Small Cap Fund I Manager has the right to contract for and receive Supplemental Fees in connection with the activities of TZP Small Cap Fund I; provided, however, that an amount equal to the sum of each Limited Partner's (other than Affiliated Partners) pro rata share (based on such Limited Partner's sharing percentage with respect to the applicable portfolio company or proposed portfolio company) of 100% of any such Supplemental Fees shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by TZP Small Cap Fund I; moreover, any such reduction of TZP Small Cap Fund I's Management Fee will be limited to the extent of TZP Small Cap Fund I's proportionate interest in any such Supplemental Fees.

To the extent that the Management Fee is not so reduced as of any given payment date because the Management Fee has been reduced to zero, the excess shall be carried over to the next succeeding payment date (and, if necessary, to one or more subsequent payment dates) and applied as a reduction of the Management Fee (but not below zero) for such succeeding payment date (or subsequent payment date).

TZP Small Cap Fund I's Management Fee is further reduced in the circumstances and by the amounts described in the TZP Small Cap Fund I Limited Partnership Agreements.

#### *TZP Small Cap Fund I Co-Investment Vehicles*

TZP Small Cap Fund I Co-Investment Vehicles do not pay a Management Fee.

#### *TZP Capital Fund III*

TZP Capital Fund III pays TZP Capital Fund III Manager (net any Management Fee waiver or offsets, as described below), an annual Management Fee, payable quarterly in advance, equal to 2% per annum of aggregate commitments of its Limited Partners (other than Affiliated Partners) until the earlier of the first payment date following (a) the expiration or termination of the TZP Capital Fund III commitment period and (b) the date the Advisers or their affiliates commence receiving or accruing Management Fees with respect to any additional Fund with investment objectives substantially similar to those of TZP Capital Fund III. Thereafter, the Management Fee will be reduced on a prospective basis to an amount equal to 2% per annum of aggregate funded

commitments of its Limited Partners (other than Affiliated Partners) in respect of portfolio investments and bridge financings that have not been the subject of a disposition.

TZP Capital Fund III Manager is entitled to waive Management Fees in exchange for deemed contributions to be funded by the Limited Partners (other than Affiliated Partners) pro rata based on their respective commitments. At least 50% of the TZP Capital Fund III Manager commitment shall be funded in cash, and the remainder may be committed by deemed contribution. TZP Capital Fund III Manager (or an affiliate thereof) will be entitled to any distributions otherwise distributable to the Limited Partners with respect to deemed contributions, but solely out of profits from portfolio investments. For any Management Fees that are waived by TZP Capital Fund III Manager, such waived Management Fees will not be subject to the Management Fee offsets described below. Due to any such waiving of Management Fees and/or timing of receipt of compensation subject to offsets (as described below), it is possible that Management Fee offsets will not be fully realized by investors in TZP Capital Fund III, resulting in an additional benefit to the Advisers.

TZP Capital Fund III Manager has the right to contract for and receive Supplemental Fees in connection with the activities of TZP Capital Fund III; provided, however, that an amount equal to the sum of each Limited Partner's (other than Affiliated Partners) pro rata share (based on such Limited Partner's sharing percentage with respect to the applicable portfolio company or proposed portfolio company) of 100% of any such Supplemental Fees (including, to the extent that the General Partner elects in its sole discretion, amounts expected to be received in respect of such fees) shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by TZP Capital Fund III (but not below zero); moreover, any such reduction of TZP Capital Fund III's Management Fee will be limited to the extent of TZP Capital Fund III's proportionate interest in any such Supplemental Fees and is subject to certain conditions set forth in the TZP Capital Fund III Limited Partnership Agreements.

To the extent that the Management Fee is not so reduced as of any given payment date because the Management Fee has been reduced to zero, the excess shall be carried over to the next succeeding payment date (and, if necessary, to one or more subsequent payment dates) and applied as a reduction of the Management Fee (but not below zero) for such succeeding payment date (or subsequent payment date).

TZP Capital Fund III's Management Fee is further reduced in the circumstances and by the amounts described in the TZP Capital Fund III Limited Partnership Agreements.

#### *TZP Capital Fund III Co-Investment Vehicles*

TZP Capital Fund III Co-Investment Vehicles do not pay a Management Fee.

#### *TZP Small Cap Fund II*

Commencing with the Effective Date (as defined in TZP Small Cap Fund II's Limited Partnership Agreement), TZP Small Cap Fund II will pay TZP Small Cap Fund II Manager (net any Management Fee waiver or offsets, as described below), an annual Management Fee, payable quarterly in advance, equal to 2% per annum of aggregate commitments of its Limited Partners (other than Affiliated Partners) until the earlier of the first payment date following (a) the expiration or termination of the TZP Small Cap Fund II commitment period and (b) the date the Advisers or their

affiliates commence receiving or accruing Management Fees with respect to any additional Fund with investment objectives substantially similar to those of TZP Small Cap Fund II (i.e., TZP Small Cap Partners III, L.P.). Thereafter, the Management Fee will be reduced on a prospective basis to an amount equal to 2% per annum of aggregate funded commitments of its Limited Partners (other than Affiliated Partners) in respect of portfolio investments and bridge financings that have not been the subject of a disposition.

TZP Small Cap Fund II Manager is entitled to waive Management Fees in exchange for deemed contributions to be funded by the Limited Partners (other than Affiliated Partners) pro rata based on their respective commitments. At least 50% of the TZP Small Cap Fund II Manager commitment shall be funded in cash, and the remainder may be committed by deemed contribution. TZP Small Cap Fund II Manager (or an affiliate thereof) will be entitled to any distributions otherwise distributable to the Limited Partners with respect to deemed contributions, but solely out of profits from portfolio investments. For any Management Fees that are waived by TZP Small Cap Fund II Manager, such waived Management Fees will not be subject to the Management Fee offsets described below. Due to any such waiving of Management Fees and/or timing of receipt of compensation subject to offsets (as described below), it is possible that Management Fee offsets will not be fully realized by investors in TZP Small Cap Fund II, resulting in an additional benefit to the Advisers.

TZP Small Cap Fund II Manager has the right to contract for and receive Supplemental Fees in connection with the activities of TZP Small Cap Fund II; provided, however, that an amount equal to the sum of each Limited Partner's (other than Affiliated Partners) pro rata share (based on such Limited Partner's sharing percentage with respect to the applicable portfolio company or proposed portfolio company) of 100% of any such Supplemental Fees (including, to the extent that the General Partner elects in its sole discretion, amounts expected to be received in respect of such fees) shall be applied, net of applicable expenses (without duplication), to reduce any unpaid future Management Fee payable by TZP Small Cap Fund II (but not below zero); moreover, any such reduction of TZP Small Cap Fund II's Management Fee will be limited to the extent of TZP Small Cap Fund II's proportionate interest in any such Supplemental Fees and is subject to certain conditions set forth in the TZP Small Cap Fund II Limited Partnership Agreements.

To the extent that the Management Fee is not so reduced as of any given payment date because the Management Fee has been reduced to zero, the excess shall be carried over to the next succeeding payment date (and, if necessary, to one or more subsequent payment dates) and applied as a reduction of the Management Fee (but not below zero) for such succeeding payment date (or subsequent payment date).

TZP Small Cap Fund II's Management Fee is further reduced in the circumstances and by the amounts described in the TZP Small Cap Fund II Limited Partnership Agreements.

## **OTHER INFORMATION**

The Advisers are permitted to exempt Affiliated Partners in the Funds from payment of all or a portion of Management Fees and/or Carried Interest (as defined below). For example, in instances where one or more of the Advisers' professionals (or affiliated entities thereof) invests in a Fund, or serves on the Board of Advisors with respect to the related Fund, such professionals (or such affiliated entities) 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 Limited Partnership

Agreement, certain Advisers have the right to permit Affiliated Partners to invest through 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.

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 Limited Partnership Agreements over the terms of the Funds and Limited Partners generally are not permitted to withdraw or redeem interests in the Funds.

In addition to the Management Fee and Carried Interest, the Funds bear certain expenses, including all legal, organizational, and offering expenses incurred in connection with the offering of interests in the Funds or any parallel investment vehicles, as defined in the Funds' Limited Partnership Agreements. As further set forth in their Limited Partnership Agreements, the Funds bear all expenses relating to the Funds' activities, investments and business to the extent not reimbursed by portfolio companies, including legal, accounting, third-party administration expenses, auditing, investment banking, travel, printing, consulting, research, brokerage, finder's fees, custody, transfer, government and registration, insurance, Limited Partner advisory committee (the "**LP Advisory Committee**"), interest, including costs related to the use of credit facilities, taxes, litigation (if any), Limited Partner meetings, communications, liquidation and other similar fees and expenses, including, except to the extent determined by an Adviser in its sole discretion, the full amount of any expenses incurred as a result of a proposed transaction or investment by a Fund that is not consummated, to the extent not reimbursed by a third party ("Broken Deal Expenses"). Co-investment funds may be formed in connection with the consummation of a transaction. Accordingly, where a proposed transaction is not consummated, no co-investment fund generally will have been formed, and the full amount of any Broken Deal Expenses relating to any such proposed transaction would be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

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.

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

As described above, in certain circumstances, the relevant General Partner may permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Advisers' related policies and the relevant Limited Partnership Agreement(s) and/or Side Letter(s) or similar arrangements. Where a co-investment entity 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 judgement of the relevant General Partner, ultimately is not consummated, all

Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle may (but will not always) bear its share of such Broken Deal Expenses at the discretion of the General Partner.

As a matter of practice, the Advisers and/or their affiliates may have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the fee rate or amount. The receipt of Supplemental Fees may give rise to conflicts of interest between the Funds, on the one hand, and the Advisers and/or their affiliates on the other hand. Moreover, from time to time, the Advisers are also paid such fees from, on behalf of or with respect to co-investors in an investment. The receipt of such fees from, on behalf of or with respect to any such co-investors will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which may be significant.

Additionally, as further described below and in the applicable Private Placement Memorandum and Limited Partnership Agreement of each Fund, the Advisers, the Funds and the portfolio companies may from time to time retain Special Consultants (as defined below) to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such consultants generally receive compensation and other amounts described herein from the relevant portfolio companies and/or Funds to which they provide services, but no such amounts will result in additional offsets to the Management Fee.

In addition, the Advisers and/or their affiliates have entered into, and may in the future enter into, certain purchasing arrangements with one or more portfolio companies as well as one or more product and service providers (e.g., software and related products and services, office supplies, expedited shipping, and other administrative and similar products and services) on behalf of the Funds' other portfolio companies as well as themselves. As a result, such other portfolio companies, and the Advisers, might benefit from reduced pricing on such products and services depending on the volume of products and services purchased. In cases where the supplier is itself a portfolio company, such portfolio company and its investors (including the relevant Fund and any co-investors that own all or part of such portfolio company), might also benefit from the increased revenue earned by such portfolio company from such arrangement. The Advisers' reduced pricing may also incentivize them to maintain such arrangements. However, the Advisers believe that the purchasing portfolio companies benefit as a result of their access to quality products and services at beneficial pricing, and that any potential for conflicts of interest resulting from the Advisers' benefits from such arrangements are mitigated by the fact that their benefits are proportional to the other portfolio companies' benefits.

In addition, at the request of the Advisers from time to time, certain members of a Fund's Board of Advisors and other Limited Partners serve on portfolio companies' boards of directors and, in such capacity, may receive compensation from such portfolio companies (including directors' fees, stock, stock options and other compensation).

Additionally, as further described herein and in the applicable Limited Partnership Agreement of each Fund, the Advisers, the Funds and the portfolio companies may from time to time retain other companies and individuals, including Senior Advisors (as described below), or other persons which

may be employees of current or former portfolio companies, portfolio companies of other Funds or third party consultants (including individual consultants, external executives and consultants introduced or arranged by the Advisers and/or their affiliates that may regularly provide services to the Advisers as well as one or more portfolio companies) (such companies and individuals collectively, the “**Special Consultants**”). The Special Consultants may be engaged to provide services to, or in connection with, the Funds in relation to their activities or one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies (“**Consulting Services**”).

Expenses associated with the Consulting Services, including, but not limited to, travel expenses incurred by Special Consultants in performing the Consulting Services (collectively “**Consulting Expenses**”), may be paid and/or reimbursed by the applicable portfolio companies and/or Funds, and such Consulting Expenses will not offset the Management Fee. Consulting Expenses may, at the discretion of the Advisers taking into account the particular Consulting Services, include transaction fees, an ongoing retainer, a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultants or a combination thereof, which may be determined according to one or more methods, including the value of the time of the Special Consultants, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company.

In 2015, TZP created a Senior Advisor program to engage qualified individuals outside of Investment Professionals (as defined below) to support evaluation of new investment opportunities and management of existing portfolio companies (“**Senior Advisors**”). Senior Advisors are expected to work closely with senior executives at new investment opportunities or existing portfolio companies and Investment Professionals in a variety of ways, including: (i) assessing a specific or new industry subsector; (ii) advising teams/boards/management teams on effective strategy execution; (iii) providing advice and counsel on key business challenges or issues; (iv) performing due diligence on specific transactions; (v) assisting with business development and/or the general management of a selected portfolio company; (vi) serving on boards of directors/advisors; (vii) potentially playing an interim leadership role at a portfolio company; and (viii) assisting with the recruitment of talent to the portfolio companies.

The Senior Advisors are not employees, members or partners of the Advisers and are not subject to the restrictions on the Advisers’ persons and affiliates such as conflicts of interest, allocation of investment opportunities, and formation of other vehicles. As compensation for their services, the Senior Advisors are paid by a combination of the Advisers and the portfolio companies. Any fees or other amounts paid by a portfolio company to a Senior Advisor in respect of such services will typically not result in offsets to or reductions of the Management Fee. Additional Senior Advisors may be engaged in the future. Senior Advisors will not serve on the Funds’ investment committees or be involved in the day-to-day operation of the Advisers or their decision making.

In addition, the Advisers’ team of operating professionals works with deal teams in an effort to optimize performance at portfolio companies (such operating professionals, collectively, the “**Portfolio Operations Team**”). The members of the Portfolio Operations Team are paid by the Advisers. Additionally, in limited circumstances, a Portfolio Operations Team member may assume a role at a portfolio company and to the extent that role replaces a position at the portfolio company that would otherwise be filled by a third party, even if remaining employed by the Advisers, the



relevant Portfolio Operations Team member may receive direct compensation from the portfolio company, which will not offset the Management Fee.

The use of Special Consultants subjects the Advisers to conflicts of interest, as discussed under “Conflicts of Interest,” below.

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

TZP Management does not receive a carried interest allocation (“Carried Interest”) for its advisory services to the Funds. Rather, TZP Capital Fund I GP, TZP Capital Fund II GP, TZP Capital Fund III, TZP Small Cap Fund I GP and TZP Small Cap Fund II GP each receive a Carried Interest equal to 20% of all aggregate realized Limited Partner profits from TZP Capital Fund I, TZP Capital Fund II, TZP Capital Fund III, TZP Small Cap Fund I and TZP Small Cap Fund II, respectively, subject to satisfaction of an 8% preferred return, compounded annually, as more fully described in the applicable Fund’s Limited Partnership Agreement. If TZP Capital Fund I GP, TZP Capital Fund II GP, TZP Capital Fund III GP, TZP Small Cap Fund I GP or TZP Small Cap Fund II GP receives Carried Interest distributions during the life of TZP Capital Fund I, TZP Capital Fund II, TZP Capital Fund III, TZP Small Cap Fund I or TZP Small Cap Fund II, respectively, which are, in the aggregate, in excess of 20% of such Fund’s cumulative net profits, then such excess Carried Interest distributions will be subject to repayment by such General Partner; provided that the General Partner shall not be required to refund an amount in excess of the cumulative distributions (exclusive of distributions in respect of the General Partner’s committed capital) received by the General Partner less taxes paid or deemed paid by the General Partner in respect of its Carried Interest.

TZP Capital Fund I Alternative Investment Vehicles are subject to the Carried Interest provisions set forth in the Limited Partnership Agreement of TZP Capital Main Fund I. The Carried Interest payable by the TZP Capital Fund I Alternative Investment Vehicles is incurred and paid solely by TZP Capital Main Fund I. Without limiting the foregoing, there is no duplication of Carried Interest among TZP Capital Main Fund I and the TZP Capital Fund I Alternative Investment Vehicles.

TZP Capital Fund I Co-Investment Vehicles, TZP Capital Fund II Co-Investment Vehicles, TZP Small Cap Fund I Co-Investment Vehicles, TZP Capital Fund III Co-Investment Vehicles, and TZP Small Cap Fund II Co-Investment Vehicles (if any) are generally not subject to a Carried Interest. This practice could present a conflict of interest because the relevant General Partner has an incentive to favor accounts for which it receives a performance-based fee. The General Partners seek to address this potential conflict of interest by managing the applicable investments of the Funds and the relevant TZP Capital Fund I Co-Investment Vehicles, TZP Capital Fund II Co-Investment Vehicles, TZP Small Cap Fund I Co-Investment Vehicles, TZP Capital Fund III Co-Investment Vehicles, and TZP Small Cap Fund II Co-Investment Vehicles (if any), to the extent practicable, on the same terms on a pro rata basis based on relative commitment sizes of the Funds and such co-investment vehicles.

Under certain circumstances, co-investment vehicles of the Funds may pay Carried Interest, although they are not usually subject to a Carried Interest. This practice could present a conflict of interest because the General Partners have an incentive to favor accounts for which they receive a performance-based fee. The General Partners seek to address this potential conflict of interest by

managing the applicable investments of the relevant Fund and its co-investment vehicles, to the extent practicable, based on their relative commitment sizes.

Additionally, to the extent that personnel of the Advisers or their affiliates 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 for Funds from which they are entitled to receive a higher Carried Interest percentage.

The Advisers seek to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Limited Partnership Agreement (or other governing document), as well as other factors that do not include the amount of performance-based compensation received by the Advisers or their affiliates or any personnel.

### **TYPES OF CLIENTS**

The Advisers provide investment advice to the Funds. 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 investors participating in 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 the Advisers and their affiliates and members of their families, consultants (including Special Consultants), or other service providers retained by the Advisers. TZP Capital Fund I, TZP Capital Fund II, TZP Capital Fund III, and TZP Small Cap Fund I are closed to new investors.

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

#### **GENERAL**

Generally, the Advisers seek long-term capital appreciation through control equity and equity-related investments (including debt) in middle-market companies, with respect to TZP Capital Fund I, TZP Capital Fund II and TZP Capital Fund III, (together, the "TZP Capital Partners Funds"), and small deals-market companies, with respect to TZP Small Cap Fund I and TZP Small Cap Fund II, (together, the "TZP Small Cap Funds"), in the form of buyouts, growth capital investments, build-ups and recapitalizations, located primarily in North America.

TZP Group focuses its investing activities on business and consumer services companies with what it considers strong cash flows, which TZP Group believes it can improve and/or which can serve as acquisition platforms. TZP Group will leverage the network of relationships its investment professionals ("Investment Professionals") possess with owners and managers of middle-market companies, as well as financial intermediaries who are active in its target industries.

There can be no assurance that the Advisers will achieve the investment objectives of the Funds and a loss of investment is possible.

## **INVESTMENT AND OPERATING STRATEGY**

### ***Transaction Sourcing***

TZP Group anticipates that a number of its investment opportunities will be in the industry categories in which the Investment Professionals have transaction experience. TZP Group also researches market segments and develops relationships therein with the aim of developing additional deal flow. The Investment Professionals utilize the same strategies used in their prior experience in attempting to generate transaction opportunities.

### ***Size (TZP Capital Fund I, TZP Capital Fund II and TZP Capital Fund III) - Middle-Market Companies***

During the investment period of TZP Capital Fund I and TZP Capital Fund II, the Advisers generally targeted middle-market equity investments for TZP Capital Fund I and TZP Capital Fund II. The Advisers generally sought equity investments ranging between \$25 million and \$80 million in portfolio companies typically with enterprise values up to \$250 million and EBITDA greater than \$8 million.

The Advisers generally target middle-market equity investments for TZP Capital Fund III. The Advisers generally seek equity investments ranging between \$30 million and \$100 million in portfolio companies typically with enterprise values up to \$250 million and EBITDA greater than \$10 million.

With respect to the TZP Capital Partners Funds, TZP Group focuses on companies and investments in this size range due to: (i) what it perceives as a large number of companies of this size; (ii) what it perceives as favorable transaction dynamics due to generally fewer competing sources of capital; (iii) what it believes to be generally lower acquisition multiples; and (iv) the potential to exit at a higher multiple than paid at entry. A TZP Capital Partners Fund may invest in companies with enterprise values in excess of \$250 million with the assistance of co-investors if determined that such companies meet the investment criteria.

### ***Size (TZP Small Cap Fund I and TZP Small Cap Fund II) – Small Deals-Market Companies***

For TZP Small Cap Fund I, the Advisers generally target small deals-market equity investments. The Advisers generally seek equity investments ranging between \$10 million and \$25 million in portfolio companies typically with enterprise values up to \$50 million and EBITDA less than \$8 million. However, pursuant to the Investment Allocation Protocol (as defined and further described below under “Methods of Analysis, Investment Strategies and Risk of Loss”), the Advisers expect that investments in companies with annual EBITDA of up to approximately \$10 million

and/or companies that generally require less than \$30 million of upfront investment capital generally will be offered to TZP Small Cap Fund I through the end of its investment period.

For TZP Small Cap Fund II, the Advisers generally target small deals-market equity investments. The Advisers generally seek equity investments of less than \$30 million in portfolio companies typically with EBITDA less than \$10 million.

The small deals market shares attractive features of the middle market with further advantages, which include: (i) fewer private equity managers targeting this segment; (ii) lower incidence of prior institutional ownership; (iii) less competitive deal dynamics; (iv) more fragmented intermediary base; (v) lower valuation multiples available; and (vi) greater availability of structuring protections. While the TZP Small Cap Funds' target portfolio companies will have smaller size and enterprise values than those of the TZP Capital Partners Funds, the strategy across the firm with respect to its equity-related investment funds will remain consistent.

### ***Industries - Business and Consumer Services***

TZP Group has particular interest in industries where the Investment Professionals have specific knowledge or experience. These include: residential real estate, vehicle services, travel services, marketing and media services, specialty finance and franchise services.

TZP Group believes that small deals and middle market business and consumer services companies have a number of common operating and strategic challenges, which create an opportunity to add value through active investment management. Such challenges include: (i) implementing disciplined strategic planning, financial budgeting and capital allocation processes; developing effective customer acquisition and retention strategies; (iii) taking advantage of business process outsourcing opportunities; (iv) attracting high quality personnel across functional areas; and (v) effectuating business model refinements.

### ***Company Characteristics - Earnings Growth Prospects and Potential for Add-on Acquisitions***

TZP Group generally seeks to identify and invest in companies that it believes are capable of generating earnings growth in excess of either their underlying industries or their historical performance. Typically, these businesses possess some, if not all, of the following characteristics:

- Well-defined and defensible market niche or proprietary products, brand names or channels of distribution with meaningful barriers to entry;
- Limited exposure to cyclical downturns;
- Lack of a disciplined strategic planning and/or capital allocation process;
- Unrecognized or untapped revenue potential;
- Unrealized and sustainable cost reduction opportunities;
- Potential for augmenting and upgrading key personnel; and
- Potential for add-on, accretive acquisitions.

TZP Group believes that companies with such characteristics frequently represent attractive investment opportunities as their valuations are often driven by historical performance and, thus, may reflect a discount to their true growth potential.

### ***Identify Target Industries***

TZP Group strives to work continuously and in a variety of ways to identify proactively, in its opinion, the most attractive business and consumer services sectors for private equity investment. TZP Group favors industries: (i) that are being driven by clear and sustainable growth factors; (ii) that have high barriers to competitive entry and/or restrained capital expenditure and working capital growth needs; (iii) that have reasonable returns on assets and opportunities for niche market participation; and (iv) that are undergoing structural changes that could potentially create investment opportunities and/or improved economics. TZP Group seeks sectors that are fragmented such that TZP Group believes it may have an opportunity to find companies in which to deploy an efficient amount of capital and actionable add-on acquisitions. Additionally, TZP Group seeks sectors where it believes well-managed companies can achieve high exit multiples from either strategic or financial acquirers or in the public equity markets.

### ***Proactively Approach Companies***

TZP Group typically seeks to acquire companies in its chosen sectors where TZP Group sees an opportunity to increase enterprise value through active investment management. While TZP Group will participate in competitive sale processes, it intends to do so when it believes it has a competitive advantage over other potential buyers, as a result of its industry or company knowledge, and/or close relationships with management or key industry executives. TZP Group expects that most of its transactions will not face significant competition.

### ***Transaction Selection***

TZP Group expects its deal selection process to include: (i) financial and business analysis of its target industries and companies; (ii) use of internal and external professional resources; (iii) development of relationships with owners and management teams; and (iv) application of its transaction and industry experience to identify and address due diligence issues early in the acquisition process. TZP Group expects its due diligence analysis of target companies to include (but not be limited to): (i) review of historical financial performance; (ii) industry trend analysis; (iii) competitive positioning of the target company; (iv) valuation of similar businesses in the public and private markets; (v) cash flow modeling under a variety of operating and capital structure assumptions; (vi) use of its network of industry executives and/or consultants for perspectives on specific topics; (vii) preparation of due diligence reports by lawyers, accountants and other specialists; (viii) discussions with management at different levels in the organization; (ix) review of company operating reports and metrics for each business function; and (x) examination of contingents assets and liabilities.

In addition to its approach to due diligence, TZP Group maintains a screening process to assess whether an investment opportunity meets the investment criteria. The Advisers will ultimately rely on their final due diligence findings to determine if an investment opportunity fulfills the key investment criteria: (i) an ability to implement active investment management to add value to the target company post-closing; (ii) a realistic probability of acquiring the target company at an attractive price; and (iii) an expectation of an attractive IRR and MOIC over a four- to six-year holding period for the investment.

## ***Transaction Execution***

TZP Group will seek primarily to make investments where the Funds become the controlling shareholder of the target company. Where the amount of capital required for the investment exceeds TZP Group's desired allocation level for the applicable Fund, TZP Group may offer co-investment opportunities. TZP Group expects to structure primarily leveraged buyout or recapitalization transactions and, when appropriate, other forms of flexible control investing. While the Funds typically will incur debt at the portfolio company level in connection with making investments, the Funds will attempt to maintain capital structures of portfolio companies to allow for TZP Group's investment plan to be executed and to withstand a degree of variability in operating performance. The Funds seek to employ flexible debt structures with tailored covenants, which permit additional draw-downs and limited amortization.

TZP Group will work closely with management of a target company to prepare for post-closing periods of investment. Such preparation normally includes: (i) establishment of financial operating targets; (ii) development of a strategic plan; (iii) creation of metrics to measure business drivers on a regular basis; (iv) agreement on management and employee incentive plans; and (v) agreement on ongoing reporting relationships between the Advisers and the target company.

## ***Post-Closing Value-Add***

TZP Group believes that implementing active investment management post-closing is an important competitive advantage for the Funds. By implementing active investment management, the Advisers believe they can: (i) accelerate revenue growth of portfolio companies; (ii) implement business model refinements, cost reductions and disciplined portfolio management practices; (iii) effectuate appropriate management team enhancements; and (iv) pursue add-on acquisitions and synergistic consolidations on behalf of the Funds' portfolio companies.

TZP Group believes that critical to the success of active investment management is a disciplined plan for oversight of each investment. On an ongoing basis, the Advisers have an active role in the management of the Funds' portfolio companies, which will extend significantly beyond the initial planning stages. The Advisers intend to work with the management teams of the Funds' portfolio companies to create annual financial plans by which the performance of such companies will be measured and to develop strategic plans, which set out clear priorities that enhance the long term value of such companies and contain contingency plans for potential vagaries. The Advisers will attempt to implement reporting processes that consistently measure performance against agreed-upon financial and strategic targets.

The Advisers believe that the factors that have the greatest impact on investment returns are earnings growth and earnings multiple expansion. Further, the Advisers believe that eschewing financial engineering and emphasizing active investment management will benefit the Funds and result in relatively lower-risk IRRs and higher MOICs over comparatively longer holding periods.

## ***Transaction Exit***

The Advisers take into consideration the exit options for a portfolio company prior to making an initial investment and will be actively involved with portfolio company management in positioning the company for a formal, professional sale process. The Advisers expect that most of

the Funds' investments will have holding periods of four to six years. The Advisers' primary exit strategy for the investments will be a sale to a strategic or financial purchaser, and, to a lesser extent, through IPOs and recapitalizations. TZP Group believes that these factors can result in higher earnings multiples afforded to these companies as compared to those paid at time of investment.

## **RISKS OF INVESTMENT**

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. Investors should review each Fund's Private Placement Memorandum for information regarding risks specific to each Fund. In general, the risks involved with the Advisers' investment strategy and an investment in the Funds 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 prior investment performance of the Advisers' principals is not necessarily indicative of a Fund's future results. While the General Partners intend for the Funds to make investments that have anticipated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. Furthermore, there can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments of the Advisers' principals. In addition, a Fund's investments may differ from previous investments made by the Advisers' principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, market and economic conditions at the time of acquisition or exit, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

*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 the Funds' investment once made.

*Concentration of Investments; Impact of Excuse or Exclusion.* Each Fund will participate in a limited number of investments and intends to make most of its investments in one industry or one industry segment (or related industry segments) or within a short period of time. As a result, each Fund's investment portfolio is likely to become highly concentrated, and the performance of a few holdings or of such industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, each Fund may invest in fewer portfolio companies than it would ordinarily target and thus be less diversified. In addition, a Limited Partner's participation in a Fund's investments may be limited by virtue of the Advisers' right to exclude a Limited Partner from, or a Limited Partner's right to be excused from, participating in certain of such Fund's investments as set forth in the Limited Partnership Agreement, thereby increasing the participation of other Limited Partners. As a consequence of one or more Limited Partners being excused or other factors limiting investments, the aggregate returns realized by the participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of even one investment by a Fund.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners generally will be required to pay Management Fees through the Funds during the Funds' commitment periods based on the entire amount of the Limited Partners' (other than Affiliated Partners') commitments and other expenses as set forth in the Limited Partnership Agreements.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund primarily through making private equity and control-oriented, growth equity investments, the relevant General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Many factors may contribute to changes in emphasis in the investment strategy, including changes in market or economic conditions or regulations as they affect various industries and changes in the political or social situations in particular countries. A General Partner may pursue investments outside of the industries and sectors in which the Advisers' principals have previously made investments or have internal operational experience.

*Risks of Multi-Step Acquisitions.* In the event an Adviser chooses to effect a transaction for a Fund by means of a multi-step acquisition (such as a stock purchase followed by a merger or in the case of a simultaneous acquisition and concurrent merger of two separate companies), there can be no assurance that the subsequent steps can be completed on attractive terms or at all. This could result in such Fund having limited or no control over the investment or access to its cash flows to service debt incurred in connection with the acquisition.

*Risks of Investments in Small-Sized Companies.* The TZP Small Cap Funds will focus primarily on buyouts, recapitalizations and growth capital investments through direct private equity and equity-related (including debt) investments in companies in the small deals market and/or that generally require less than \$30 million of upfront investment capital. Companies in the small deals market often have limited product lines, markets or financial resources, and they are more likely than larger companies to be dependent upon one or a few key people for management.

*Growth Equity Transactions.* The Advisers' strategies include, on a limited basis, targeting 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.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. 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 the Funds (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including, without limitation, unfunded commitments.

*Leveraged Investments.* The Funds may make use of leverage by having a portfolio company incur debt to finance a portion of the investment in such portfolio company, including in respect of companies not rated by credit agencies. Such use of leverage generally magnifies both the Funds' opportunities for gain and their risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their 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 the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' 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, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be limited or costly at the time the General Partners determine that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with their forecasts. Moreover, the companies in which the Funds invest generally are not rated by a credit rating agency.

The Funds 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 the Funds would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Funds also will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their investments. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by the Advisers or any of their 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. As a result, several investments may be cross-collateralized such that borrowing incurred with respect to one investment may subject multiple investments to the risk of loss.

*Bridge Financings.* From time to time, the Funds may lend or otherwise provide capital to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans may be convertible into a more permanent, long-term security; however, for reasons that may not be in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

*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 Limited Partnership Agreement (or other governing document), 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 Interests.* There will be no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of interests

under the Limited Partnership Agreements and applicable securities laws. In general, withdrawals of interests are not permitted. In addition, interests are not redeemable.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the Limited Partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Limited Partners. After a distribution of securities is made to the Limited Partners, many Limited 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 Limited Partners may be lower than the value of such securities determined pursuant to the Limited Partnership Agreement, including the value used to determine the amount of Carried Interest available to the relevant General Partner with respect to such investment.

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

Although the Advisers will monitor the performance of each of the Funds' investments, it is primarily the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds' objectives.

*Dependence on Personnel.* The Adviser's ability to successfully manage the Funds' affairs depends on TZP's employees and advisors. The Adviser will be relying extensively on the experience, relationships and expertise of these persons. There can be no assurance that these persons will remain with the Investment Manager through each closing of the Funds or will otherwise continue to be able to carry on their current duties throughout the term of the Funds or that TZP will be able to retain replacements when needed.

*Projections.* Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Advisers in their discretion. 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.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies.* Before making investments, the Advisers or one of their designated affiliates will typically conduct such due diligence as they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and the Advisers and/or one of their designated affiliates may rely on the advice received from such third parties.

There can be no assurance that the Advisers or such third parties will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or in their efforts to monitor investments on an ongoing basis, or that any risk management procedures implemented by the Advisers will be adequate. In the event of fraud by any portfolio company or asset, or any of their respective affiliates, a Fund may suffer a partial or total loss of capital invested in that investment. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller of any portfolio investment. Such inaccuracy or incompleteness may adversely affect the value of a Fund's investments in such portfolio. The due diligence investigation carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return of invested capital.

*Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* Numerous jurisdictions have enacted, or have committed to enact, legislation and administrative guidance requiring the collection and sharing of certain information in order to combat tax avoidance. The United States Foreign Account Tax Compliance Act ("FATCA") aims to combat tax evasion by U.S. tax residents using foreign accounts. It includes certain provisions on withholding taxes and requires financial institutions outside the United States to collect and share information about their U.S. customers. One or more of these information exchange regimes are likely to apply to the Funds, and may require the General Partners to collect and share with applicable taxing authorities information concerning Limited Partners (including identifying information and amounts of certain income allocable or distributable to them). A Limited Partner's failure to provide required information may result in withholding taxes, government-imposed penalties, expulsion from the relevant Fund or other potential remedies.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There can be no assurance that any governmental scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to implement operating improvements or otherwise execute their investment strategy or achieve their investment objectives.

The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than they otherwise would have.

Additionally, Congress recently passed U.S. federal income tax legislation that extends the minimum holding period to obtain long-term capital gains treatment with respect to carried interest under U.S. federal income tax law from one year to three years. Such legislation could adversely affect the ability of the Advisers' principals, employees or other individuals associated with the Funds, or the Advisers who were or may in the future be granted direct or indirect interests in the General Partners to benefit from carried interest taxed at lower rates. This may reduce such person's after-tax returns from the Funds and the General Partners, which could make it more difficult for the General Partners and their affiliates to incentivize, attract and retain individuals to perform services for the Funds. These same issues may also apply to officers, directors and employees of the Funds' portfolio companies if such persons receive a profits interest in such companies.

*GDPR Compliance Risk.* Data protection and regulations related to privacy, data protection and information security are expected to increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of a portfolio company.

Portfolio companies are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs are expected to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

The EU data protection law formerly in effect was derived from the Data Protection Directive (Directive 95/46/EC) and had been implemented by national legislation across all 28 EU member states. On 25 May 2018, the General Data Protection Regulation (EU 2016/679) (the “**GDPR**”) replaced the former legislation. The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR is binding on data controllers and data processors in all EU member states without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach and will have a significant impact on data controllers and data processors either with an establishment in the EU, or which offer goods or services to EU data subjects or monitor EU data subjects' behavior within the EU. The new regime imposes more stringent operational requirements on both data controllers and data processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive will also be repealed by the EU Commission's Regulation on Privacy and Electronic Communications (the “**ePrivacy Regulation**”) which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy. The ePrivacy Regulation is in the process of being finalized and is due to come into force in early 2019.

Compliance with current and future privacy, data protection and information security laws is expected to significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Advisers' current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. A Fund or its portfolio companies may compete with one or more other Funds and their portfolio companies for add-on and growth opportunities. 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, a Fund's failure to make such an investment, including as a result of another Fund making such investment, may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party (including another Fund) invests in such portfolio company.

*Hedging Arrangements; Related Regulations.* The Advisers may (but are not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds 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 the Funds 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 the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the Advisers and/or one of their affiliates an obligation to register or file an exemption with the U.S. Commodity Futures Trading Commission ("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.

*Currency and Foreign Exchange Risks.* The Funds' books and records will be denominated in United States dollars, and distributions will generally be made in United States dollars. However, the Funds may make investments in other currencies, and changes in the exchange rates between such currencies and the United States dollar could have an adverse effect on the Funds, including the amounts available for distribution and the value of securities to be distributed in-kind.

*Significant Adverse Consequences for Default.* The Funds' Limited Partnership Agreements provide for significant adverse consequences in the event a Limited Partner defaults on its

commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting Limited Partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest.

If capital contributions made by non-defaulting Limited Partners are inadequate to cover any defaulted commitment, a Fund may be unable to pay its obligations when due. A default by a substantial number of Limited Partners or by one or more Limited Partners who have made significant commitments could substantially impair a Fund's ability to make or acquire investments or otherwise continue operations, limit opportunities for investment diversification and/or materially reduce returns to such Fund and, consequently, to its Limited Partners.

*Reinvestment of Capital.* In addition to having the right to recall distributions previously made to each Fund's Limited Partners (subject to certain limitations set forth in the relevant Limited Partnership Agreement), the General Partners may also generally recall capital contributions applied to an investment in an amount not to exceed the cost basis of such investment and Limited Partners may be subject to certain indemnification obligations. The General Partners also have the right to generally recall a distribution that constitutes a return of capital used to fund a bridge financing that was repaid, refinanced or sold within 18 months. In general, the aggregate amount of capital contributions made in respect of a Fund's investments (measured by cost basis) in portfolio companies may not exceed 120% of such Fund's aggregate commitments, excluding, for this purpose, indebtedness occurred for follow-on investments. Accordingly, during the term of a Fund, a Partner may be required to make capital contributions in excess of its commitment, and to the extent such recalled or retained amounts are reinvested in investments, a Partner will remain subject to investment and other risks associated with such investments.

*Transfer by General Partner.* To the extent the General Partners, their partners and/or their respective affiliates commit or have made commitments to make a direct or indirect investment in or alongside the Funds, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Funds' Limited Partnership Agreements.

*Public Company Holdings.* The Funds' investment portfolios may contain securities and debt issued by publicly-held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Advisers' principals, and increased costs associated with each of the aforementioned risks.

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

taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Material Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of the Advisers and their affiliates, the Advisers frequently come into possession of confidential or material non-public information. Therefore, the Advisers and their 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 the Advisers' 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 the Advisers 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 the Advisers' 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 the Advisers 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.

*Non-Controlling Investments.* The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes in portfolio companies that the Funds hold may lack some or all of control characteristics of majority stakes in such portfolio companies, as well as the valuation premiums accorded majority or controlling stakes, and such portfolio companies may be controlled or influenced by persons who have economic or business interests or goals or tax or other considerations that differ from or are inconsistent with those of the Funds or their Limited Partners. Where a Fund holds a minority stake, it will be more difficult for such Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has



contractual rights to seek liquidity of its minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to such Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Director Liability.* The Advisers will often seek the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which the Funds invest. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Funds' representatives, and ultimately the Funds, 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 the Funds' investment activities. Co-investors and/or co-investment vehicles may indirectly benefit from the Advisers' appointment of such directors, although co-investors (including their respective co-investment vehicles, even if managed by the Advisers) will not typically bear the cost of liability insurance related to such appointment to the extent additional liability insurance is purchased by the Funds.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by employees of the Advisers, portfolio company officers or employees, service providers to the foregoing and/or their respective affiliates could cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to the Funds. The Advisers have controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Advisers will be able to identify or prevent such misconduct.

*Delayed Schedule K-1s.* The Funds may not be able to provide final Schedule K-1s to Limited Partners for any given fiscal year until after the initial tax filing deadlines for Limited Partners' tax returns. Accordingly, Limited Partners may be required to obtain extensions of the filing dates for their U.S. federal, state and local income tax returns.

*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.

*Market Conditions.* The capital markets have within the past decade experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the Advisers believe reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* The deterioration of the global credit markets has made it more difficult for investment funds such as the Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Funds' ability to generate attractive investment returns may be adversely affected to the extent the Funds are unable to obtain favorable financing terms for their investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Funds to realize their investments at favorable times or for favorable prices.

*Non-U.S. Investments.* TZP Capital Fund I, TZP Small Cap Fund I, and TZP Small Cap Fund II may each invest up to an amount no greater than 20% of aggregate commitments, TZP Capital Fund II may invest up to an amount no greater than the greater of (i) \$50 million and (ii) 20% of aggregate commitments (excluding bridge financings), and TZP Capital Fund III may invest up to an amount no greater than 25% of aggregate commitments in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating

currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the terms of the Funds), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or the Limited Partners with respect to the Funds' income, and possible non-U.S. tax return filing requirements for the Funds and/or the Limited Partners.

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

*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 the Advisers intend 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.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, a Fund and its General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by such Fund and, ultimately, its investors. The General Partners may establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of a Fund, the Limited Partners may be required to repay to such Fund all or a portion of distributions previously received by them in respect of such portfolio company.

*Valuation of Investments.* There is not expected to be an actively traded market for most of the securities owned by the Funds. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund

generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments. The exercise of discretion in valuation by the General Partners may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

*Cybersecurity Risks.* Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Recent events have illustrated such ongoing cybersecurity risks to which operating companies are subject. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners (including vendors and portfolio companies), may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. The Advisers' and their portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, denial-of-service attacks, 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. Cyber-attacks may also take the form of socially-engineered frauds, such as "phishing". There have been reports of alleged Chinese and Russian hacking attempts on American corporate intellectual property and the Advisers' (including the Funds') portfolio companies may be at risk of cyber-attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Advisers' systems to disclose sensitive information in order to gain access to the Advisers' data or that of the Funds' investors or portfolio companies. Companies and service providers have also been subject to "ransomware" attacks. As further evidence of the increasing and potentially significant impact of cyber security breaches, in 2016 and 2017, the U.S. government and several multinational companies, including financial institutions and retailers, reported cyber security breaches affecting their computer systems that resulted in the personal information of millions of citizens, customers and employees being compromised.

Although the Advisers have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partners, the Funds and/or the portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information, including personal information relating to investors (and the beneficial owners of investors); (ii) customer or

portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Advisers or one of their service providers holding their financial or investor data, the Advisers, their affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under the Advisers' policies.

## **CONFLICTS OF INTEREST**

The Advisers and their 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. The Advisers 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 Limited Partnership Agreements, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Advisers conducting their activities, the interests of a Fund may conflict with the interests of the Advisers, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Advisers will determine all matters relating to structuring transactions and Fund operations using their best judgment considering all factors they deem relevant, but in their sole discretion, subject in certain cases to the required approvals by the LP Advisory Committees of the participating Funds.

During the commitment period of each Fund (and, with respect to TZP Small Cap Fund II, following the full investment of TZP Small Cap Fund I), the Advisers will pursue all appropriate investment opportunities that meet the investment criteria of the relevant Fund principally for the benefit of that Fund, subject to certain limited exceptions set forth in the Fund's Limited Partnership Agreement and the Advisers' allocation policies. However, the Advisers' principals currently manage, and expect in the future to manage, several other Funds and investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to such other Funds and investments. The Advisers' principals and investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Advisers' principals may control or manage may potentially compete with companies acquired by a Fund. Conflicts of interest may also arise in allocating time, services or functions of the personnel of the Advisers. Following the commitment periods of the Funds, the Advisers' principals may and likely will focus their investment activities on other opportunities and areas unrelated to the applicable Fund's investments.

From time to time, the Advisers' principals and the Advisers will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Advisers. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of the Advisers in a portfolio company may also raise the risk of using assets of a client of the Advisers to support positions taken by other clients of the Advisers.

The Advisers must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Advisers generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Limited Partnership Agreement, as well as factors including but not limited to: (i) the absolute size of the transaction relative to the absolute size of the Fund; (ii) the remaining available capital in the Fund; (iii) the geographic, industry and/or life cycle of the transaction given the desire to manage the Fund's sector or sub-sector concentration; (iv) the level of risk associated with the transaction in relation to the size of the equity commitment and the composition of the Fund's portfolio; (v) whether there may be an ability or obligation for the Fund to put in additional capital at a later stage, which may reduce the amount of capital that the Fund can invest up-front in a particular transaction; (vi) whether regulatory, legal, tax or other risks may result in a desire to own less than a certain percentage of the overall equity; or (vii) whether there is a Limited Partner or third party that the Advisers have determined provides strategic value to the transaction that is sufficient to justify the Fund investing appropriate lesser amounts in order to enhance the return profile of the investment for the benefit of the Fund. Such considerations may be applied even when a Fund is not contractually prohibited from investing the entire applicable amount. A Fund may invest together with other Funds in the manner set forth in the relevant Limited Partnership Agreements and the Advisers' policies and procedures. The Advisers will determine the allocation of investment opportunities among Funds in a manner that they believe is fair and equitable consistent with the Advisers' obligations and may take into consideration factors such as those set forth above.

The Advisers have developed a transparent process for allocating investments among the Funds (the "**Investment Allocation Protocol**"). The Advisers expect that, pursuant to the Investment Allocation Protocol, (i) investments in companies with annual EBITDA of up to approximately \$10 million and/or companies that generally require less than \$30 million of upfront investment capital generally will be offered to TZP Small Cap Fund I through the end of its investment period and (ii) investments in companies with annual EBITDA of up to approximately \$10 million and/or companies that generally require less than \$30 million of upfront investment capital will be made on behalf of TZP Small Cap Fund II through the end of its investment period, and investments that exceed at least one of these criteria may generally be offered to TZP Capital Fund III and its successor funds. During the commitment period of a Fund, the Advisers expect that opportunities meeting such Fund's investment criteria will first be offered to such Fund, however, even though the investment opportunity may be appropriate for such Fund, in circumstances where the Advisers determine that such investment is more appropriately pursued as an add-on opportunity of a current portfolio company of another Fund, the Advisers may offer such investment first to such portfolio company. Notwithstanding the foregoing, if a prospective seller of a company that meets the investment criteria of TZP Small Cap Fund I and/or TZP Small Cap Fund II, as applicable, desires to partner with TZP Group to help maximize the value of such seller's retained equity stake as opposed to an outright sale, the Advisers intend to allocate such investment opportunity (even, for the avoidance of doubt, a potential add-on investment with respect to a current portfolio company of another Fund) solely to TZP Small Cap Fund I, and then to TZP Small Cap Fund II following the full investment of TZP Small Cap Fund I. If participation in specific investment opportunities is appropriate for more than one Fund, including any successor Fund, and is not adequately dictated by the Investment Allocation Protocol, the Advisers shall allocate opportunities meeting the objectives of each of the Funds and such existing portfolio company on a basis which the Advisers believe is fair and equitable taking into account all factors the Advisers deem relevant, including, without limitation, whether such investment is appropriate as an add-on for an existing portfolio company, the objectives of each Fund, the sourcing of the transaction, industry and geographic diversification, the amount of the potential

follow-on investment that may be required for such investment, the pipeline of upcoming opportunities, the remaining capital and time to invest for each vehicle, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals and other considerations. In order to mitigate conflicts that may arise and provide transparency in the event of a conflict, the LP Advisory Committee of each Fund shall receive a report listing consummated investments in which the Advisers, in their reasonable judgment, determined a conflict existed between Funds, and the resolution of such conflicts.

Following such determination of allocation among Funds, the Advisers will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties. The Advisers may, in their sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined by the Advisers in their sole discretion and subject to the Funds' Limited Partnership Agreements, Side Letters or similar arrangements and the Advisers' procedures regarding allocation. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the Advisers in their sole discretion, may not be in the best interests of the Funds or any individual Limited Partner. In exercising their sole discretion in connection with such co-investment opportunities, the Advisers may consider some or all of a wide range of factors, which may include factors which benefit the Advisers such as the likelihood that an investor may invest in a future Fund sponsored by the Advisers or their affiliates. There is no guarantee that co-investments may be made available to some or all Limited Partners or that such investments will be available on appropriate terms.

The Advisers will select certain Limited Partners or third parties for co-investments based on a range of factors, including, but not limited to, the opportunity to further a relationship with a co-investor that may have indirect long-term benefits to the Funds, a future Fund sponsored by the Advisers or their affiliates or the TZP brand and the co-investor's: (i) ability to enhance the value of the investment; (ii) ability to make timely, binding decisions; (iii) ability to participate in follow-on financing rounds; (iv) ability to make investments of scale; (v) impact on tax, regulatory, legal and similar considerations; and (vi) prior co-investment experience. Although a prospective co-investor's willingness to invest in future Funds may be considered by the Advisers, it generally will not be a significant determining factor considered by the Advisers in identifying co-investors. The Advisers may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the Advisers or their related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Fund investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of the Advisers and their affiliates make capital investments in or alongside certain Funds, the Advisers and their 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.

The Advisers' 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 the Advisers will allocate investment opportunities in a manner that they believe in good faith is fair and equitable to their 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 the Advisers may be subject, discussed herein, did not exist.

The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to the investment objectives of a Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

In certain cases, the Advisers will have opportunity (but, subject to any applicable restrictions or procedures in the relevant Limited Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Advisers will not receive compensation for identifying such transferees, and will use their discretion to select such transferees based on suitability and other factors, and unless required by the relevant Limited Partnership Agreement, will determine in their sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment, particularly where certain Funds are intended 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. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Advisers in their sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Advisers may face a conflict of interest in respect of the advice they give to, and the actions they take on behalf of, one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that



provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Advisers may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances, Funds may be prohibited from exercising (or the Advisers 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. The Advisers intend to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Conflicts may arise when a Fund, with consent of the LP Advisory Committee, 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 a 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. The Advisers and their affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Limited Partnership Agreements of the Funds, the Advisers will allocate fees and expenses in a manner that they believe in good faith are fair and equitable to their clients under the circumstances and considering such factors as they deem relevant, but in their sole discretion. In exercising such discretion, the Advisers 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 the Advisers or their affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Advisers. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, the Advisers and/or their affiliates typically have the right to appoint portfolio company board members (including the Advisers' current or former 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 the Advisers and/or their affiliates. Except to the extent such amounts are subject to the Limited

Partnership Agreements' offset provisions, they will be in addition to any Management Fees or Carried Interest paid by a Fund to the Advisers.

Additionally, a portfolio company typically will reimburse the Advisers or service providers retained at the Advisers' discretion for expenses (including without limitation travel expenses) incurred by the Advisers or such service providers in connection with their performance of services for such portfolio company. This subjects the Advisers and their 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 may be substantial. The Advisers determine the amount of these reimbursements for such services in their own discretion, subject to their internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Advisers 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 conflicts of interest.

The Advisers generally exercise their discretion to recommend to a Fund or to a portfolio company thereof that they contract for services with (i) the Advisers or a related person of the Advisers (which may include a portfolio company of such Fund), (ii) an entity or person with which/whom the Advisers or their affiliates or current or former members of their personnel have a relationship or from which the Advisers or their affiliates or their personnel otherwise derive financial or other benefit or (iii) certain Limited Partners or their affiliates. For example, the Advisers 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 discretion subjects the Advisers to conflicts of interest, because although the Advisers select service providers that they believe are aligned with their operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Advisers may have an incentive to recommend the related or other person (including a Limited Partner) because of their financial or other business interest. There is a possibility that the Advisers, 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 the Advisers), 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 the Advisers have a relationship or receive financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, from time to time the Advisers may cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by the Advisers, or co-investors or co-investment vehicles. Such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Limited Partnership Agreements or otherwise in the sole discretion of the Advisers, the Advisers may seek to mitigate such conflicts by soliciting multiple proposals and/or seeking the opinion of an unaffiliated third

party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's LP Advisory Committee) to such transactions. In certain circumstances, the Advisers may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. The Advisers intend that any such transactions be conducted in a manner that they believe in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

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

The Advisers and/or their 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 the Advisers and/or their affiliates; conversely, current or former personnel or executives of the Advisers and/or their affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Advisers. Similarly, the Advisers, their 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, the Advisers and/or their affiliates, and/or the Funds or other investment vehicles they advise. The Advisers 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 the Advisers information about markets and industries in which the Advisers operate (or are contemplating operations) or will provide other services that are beneficial to the Advisers. The Advisers may have a conflict of interest in making such recommendations, in that the Advisers have an incentive to maintain goodwill between themselves and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

In certain circumstances, current or former personnel of the Advisers may serve in interim or part-time roles at a portfolio company, or may provide services to a portfolio company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment with the Advisers. Under such arrangements, the Advisers and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a

portfolio company in connection with secondee relationships will not result in additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated after completion of the assignment. Employees may or may not return to the Advisers at the end of such secondee arrangement.

The Advisers, their affiliates, and equity holders, officers, principals and employees of the Advisers and their affiliates may buy or sell securities or other instruments that the Advisers have recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the Fund's Limited Partnership Agreement and any policies and procedures set forth in the Advisers' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund. Employees and related persons of the Advisers 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 the Advisers, are reimbursed by a Fund and/or its portfolio companies, the Advisers may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. However, when selecting a potential service provider, the Advisers consider other qualitative and quantitative factors, such as the service provider's reputation, reliability, or financial stability.

The fact that the General Partners' Carried Interest is based on a percentage of net profits may create an incentive for the General Partners to cause the Funds to make riskier or more speculative investments or to hold investments longer than otherwise would be the case. Additionally, recently passed U.S. federal income tax legislation extends the minimum holding period to obtain long-term capital gains treatment with respect to carried interest under U.S. federal income tax law from one year to three years. Such legislation may create a further incentive for the General Partners to hold an investment for a longer period. 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 the Advisers may not otherwise have done so.

Since the Advisers are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, they could have a conflict of interest in connection with approving transactions and setting such compensation.

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

The Limited Partnership Agreements provide that each Fund will be responsible for all costs and expenses in connection with its operation, other than the costs and expenses that will be the

responsibility of the relevant General Partner. To the extent possible, third-party expenses incurred in connection with consummated transactions may be borne by the respective portfolio companies. A conflict of interest could arise in a General Partner's determination as to whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of Fund operational expenses for which such Fund is responsible, or whether such expenses should be borne by the General Partner. The Funds will be reliant on the determinations of the General Partners in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the Funds and other affiliated entities of the General Partners.

In connection with their businesses, the Advisers are subject to certain legal, regulatory and other compliance-related restrictions, including internal conflicts and other policies and procedures, and may be subject to additional such restrictions, policies and procedures in the future. As a result of these limitations, as well as other limitations that may be imposed with respect to the Advisers and/or the Funds now or in the future, the Funds' activities may be constrained under certain circumstances. The Funds may be prevented from accessing certain resources of the Advisers that they would otherwise seek to access. Neither the Advisers nor the Funds will be under any obligation to modify the manner in which they operate their businesses, and neither the Advisers nor the Funds will be obligated to modify or refrain from adopting any policy, procedure or other restriction, in order to make any investment opportunity or any other resource available to a Fund.

The Limited Partners may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of the portfolio investments made by the Funds, the structuring or the acquisition of portfolio investments and the timing of disposition of portfolio investments. As a consequence, conflicts of interest may arise in connection with a decision made by the Advisers, including with respect to the nature or structuring of portfolio investments, that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to Limited Partners' individual tax situations. In addition, the Funds may make investments which may have a negative impact on related investments made by the Limited Partners in separate transactions. In selecting, structuring and managing investments appropriate for the Funds, the Advisers will consider the investment and tax objectives of the Funds and their Partners as a whole, and not the investment, tax or other objectives of any Limited Partner individually.

In addition, the Advisers, the Funds and the portfolio companies may from time to time retain Special Consultants, and such fees will not offset the Management Fee as described herein. Special Consultants generally make use of the Advisers' resources or otherwise are associated with the Advisers. The Advisers and/or their affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. It is possible that Special Consultants will receive investment opportunities, reimbursements and other compensation that do not offset the Management Fee of any Fund, as described herein. Although the use of Special Consultants and the allocation of compensation paid to them by the Advisers, their affiliates, the Funds and/or the portfolio companies subjects the Advisers and/or its affiliates to potential conflicts of interest, the Advisers believe 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 Special Consultant is lower than market rates for the services provided and/or if the services of the Special Consultant align with the Advisers' model for the portfolio company and improve portfolio company performance. Although the Advisers seek to retain Special Consultants 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 and/or limited or no portfolio company performance improvement from such retention. The Advisers also seek to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Advisers believe will align such persons' interests with those of the Funds' Limited Partners, and seek to retain only Special Consultants and service providers which they believe 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.

From time to time, portfolio companies provide certain affiliates of the Advisers discounts on merchandise or services sold by the portfolio company. The Advisers have instituted a program under which portfolio companies owned by the Funds are given the option to participate in purchasing, vendor or similar arrangements with the Advisers, their affiliates and other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. Participants voluntarily participate in the program without cost. The Advisers and their affiliates also participate in the program, and receive similar benefits and discounts as the portfolio companies participating therein. No such amounts will result in additional offsets to the Management Fee. The Advisers believe the potential for conflicts relating to such arrangements is mitigated 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 negotiated discounts rates for goods and services are discounted relative to those widely available in the market.

The Advisers are permitted to recommend products or services of one portfolio company to another. Potential conflicts of interest arise in making such recommendations, as the Advisers have incentives to maintain goodwill between themselves and their 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. From time to time the Advisers and their affiliates and personnel, and persons selected by them, expect to receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because the portfolio companies offer such discounts to customers other than the Advisers and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, the Advisers believe that the potential for conflicts of interest relating to such discounts is mitigated. The Advisers and their affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered by a portfolio company to the Advisers, any other portfolio company or third parties may affect the returns of the portfolio company.

Any of these situations subjects the Advisers and/or their affiliates to potential conflicts of interest. The Advisers and/or their affiliates attempt to resolve such conflicts of interest in light of their obligations to investors in the Funds and other investment vehicles managed by them, and attempt to allocate investment opportunities among the Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Advisers will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Advisers consult and receive consent to conflicts from the LP Advisory Committees of the applicable Fund(s) and/or investors in such other investment vehicles.

## **DISCIPLINARY INFORMATION**

The Advisers and their 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**

TZP Management is affiliated with other related investment advisers registered with the SEC under the Advisers Act pursuant to TZP Management's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with TZP Management and serve as managers or general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

One of TZP Management's partners is the sole owner of a captive insurance company that was formed to ensure against certain contingent risks of TZP Management, TZP Capital Fund II Manager, TZP Capital Fund III Manager, TZP Small Cap Fund I Manager and TZP Small Cap Fund II Manager. However, there is no business relationship between the insurance company and the Funds.

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

The Advisers have adopted the TZP Group Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of TZP Group principals and employees and addresses conflicts that arise from personal trading. The Code requires TZP Group personnel to report their personal securities transactions, prohibits or requires pre-clearance for TZP Group personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits TZP Group personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the TZP Group Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any Limited Partner or prospective limited partner upon request to Tiffany R. Shatzkes, the TZP Group Chief Compliance Officer, at (212) 398-0300. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

The Advisers and their affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their 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 the Advisers.

Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers 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 the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Funds, including the Funds or certain co-investment funds. To the extent that co-investment funds exist, such funds may invest in one or more of the same portfolio companies as the Funds. Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

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

From time to time, the Advisers may advance funds on behalf of a Fund and contribute such amounts to such Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund consistent with the Limited Partnership Agreement (or other governing document).

In borrowing on behalf of a Fund, the Advisers are subject to conflicts of interest between repaying their 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, are 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.



The Advisers will effect such borrowings in a manner they believe to be fair and equitable to the relevant Fund, as applicable and consistent with the Advisers' obligations to the Fund under the Limited Partnership Agreement (or other governing document).

### **BROKERAGE PRACTICES**

The Advisers do not intend to regularly engage in public securities transactions, and instead focus on securities transactions of private companies. However, the Advisers generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. The Advisers 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.

To the extent that the Advisers engage a broker-dealer, such selection will be based on a variety of factors. These may include (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

As a result, although the Advisers generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **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, the Advisers closely monitor companies in which the Funds invest, and the TZP Group Chief Financial Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund will provide to each of its Limited Partners (i) annual financial statements (which will be GAAP audited financial statements) as well as quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

The Advisers and/or their affiliates may provide certain business or consulting services to companies in each Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Funds' Limited Partnership Agreements, this compensation may, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. See "Fees and Compensation."

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential Limited Partner becoming a Limited Partner in a Fund. Any fees and expenses payable to any such placement agents will be borne by the Advisers 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**

The Advisers maintain custody of the Funds' assets held in each Fund's name with the following qualified custodians: First Republic Bank and Silicon Valley Bank. However, TZP Management, TZP Capital Fund II Manager, TZP Capital Fund III Manager, TZP Small Cap Fund I Manager and TZP Small Cap Fund II Manager are deemed to have "custody" within the meaning of the Advisers Act Rule 206(4)-2 ("Custody Rule") because their affiliates serve as the Funds' General Partners. In compliance with the Custody Rule, the Funds' financial statements will be prepared in accordance with generally accepted accounting principles and subject to an annual audit by an independent public accountant registered with the Public Company Accounting Oversight Board. Additionally, the Funds' audited financial statements will be distributed to each Fund's Limited Partners within 120 days of the respective Fund's fiscal year end.

### **INVESTMENT DISCRETION**

The Advisers have discretionary authority to manage investments on behalf of each Fund pursuant to the Limited Partnership Agreements and management agreements described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, the Advisers may enter into Side Letter arrangements with certain Limited Partners whereby the terms applicable to such Limited Partners' investments in the Funds 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. The Advisers assume this discretionary authority pursuant to the terms of the management agreements and powers of attorney executed by the Limited Partners of the Funds.

### **VOTING CLIENT SECURITIES**

The Advisers have adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they will vote proxies, as applicable, for each Fund's portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Each of the Advisers generally believes its interests are aligned with those of Funds' Limited Partners, through the principals' beneficial ownership interests in the Funds and therefore will not seek Limited Partner 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 the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's LP Advisory Committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's LP Advisory Committee may approve an Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by TZP Group personnel or their 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 the Advisers when voting proxies on behalf of the Funds. If you would like a copy of the Advisers' complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Tiffany Shatzkes,

the TZP Group Chief Compliance Officer, at (212) 398-0300 and it will be provided to you at no charge.

#### **FINANCIAL INFORMATION**

The Advisers do not require prepayment of Management Fees six months or more in advance or have any other events requiring disclosure under this item of the Brochure.

## SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF TZP MANAGEMENT

### SAMUEL L. KATZ

#### *Educational Background and Business Experience*

Samuel L. Katz, born 1965, founded TZP Group in March 2007. Mr. Katz serves as the Managing Partner and as a member of the Investment Committee for TZP Capital Fund I, TZP Capital Fund II, TZP Capital Fund III and the Investment Committee for TZP Small Cap Fund I. Mr. Katz began his career in 1986 as a financial analyst at Drexel Burnham Lambert. From 1988 to 1992, he was an Associate and Vice President at The Blackstone Group. From 1992 to 1995, Mr. Katz invested in private and public equity as Co-Chairman of Saber Capital, Inc. and Vice President of Dickstein Partners Inc. In 1996 he joined HFS Incorporated, the predecessor of Cendant Corporation. Mr. Katz served on Cendant Corporation's Investment Committee and held various operating and management roles, including CEO of Cendant Internet Group (2000), Chairman and CEO of Travelport Limited (2001-2005), Co-Chairman of Affinion Group, Inc. (2003-2005) and Chairman and CEO of the Financial Services Division (2003). After Cendant Corporation, Mr. Katz joined MacAndrews & Forbes Holdings, Inc. as CEO of MacAndrews & Forbes Acquisition Holdings Inc. (2006-2007). Mr. Katz is a member of the Boards of Directors of The Water Cooler Group (WCG), LLC, BQ Resorts, LLC, Cloud 5, LLC, Global Employment Solutions, Inc., Snap Fitness Holdings, Inc., University Furnishings, L.P., Family Entertainment Group Holdings, LLC, HomeRiver Group Holdings, LLC, Hylan Holdings, LLC, BigName Holdings, LLC d/b/a Envelopes.com, Pyramid Management Holdings, LLC, Triangle Home Fashions Holdings, LLC, Whitestone Home Furnishings, LLC (d/b/a The Saatva Company), Dwellworks Investors, LLC, Pennant Park Floating Rate Capital Ltd. and Pennant Park Investment Corporation, and serves as a member of both the Executive Committee of YRF Darca and the Managing Board of Darca.

Mr. Katz received his B.A. magna cum laude in Economics from Columbia College in 1986.

#### *Disciplinary History*

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

#### *Other Business Activities*

As noted above, Mr. Katz is a member of the board of Pennant Park Floating Rate Capital Ltd. and Pennant Park Investment Corporation. In addition, he is the Co-chair of the Pennant Park Audit Committee. Mr. Katz is the sole owner of a captive insurance company that was formed to ensure against certain contingent risks of TZP Management, TZP Capital Fund II Manager, TZP Capital Fund III Manager, TZP Small Cap Fund I Manager and TZP Small Cap Fund II Manager. However, there is no business relationship between the insurance company and TZP Management's Funds.

Otherwise, Mr. Katz is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

Mr. Katz receives additional compensation in connection with the Pennant Park Floating Rate Capital Ltd., Pennant Park Investment Corporation, and the Pennant Park Audit Committee.

### *Supervision*

As the Managing Partner of TZP Group, Mr. Katz is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Katz is not subject to the supervision of any other individual other than, with respect to compliance matters, the TZP Management Chief Compliance Officer.

## **VLADIMIR M. GUTIN**

### *Educational Background and Business Experience*

Vladimir M. Gutin, born 1967, joined TZP Group in July 2007. Mr. Gutin serves as a Partner and as a member of the Investment Committee for TZP Capital Fund I, TZP Capital Fund II, and TZP Capital Fund III and the Investment Committee for TZP Small Cap Fund I. Mr. Gutin began his career in 1990 as a research assistant at The Board of Governors of the Federal Reserve System. After receiving his M.B.A. in 1994, Mr. Gutin joined the Financial Institutions Group of Goldman, Sachs and Co., where he served as Managing Director and Co-Head of the Specialty Finance Group. Mr. Gutin serves as a member of the Board of Directors of Global Employment Solutions, Inc., HomeRiver Group Holdings, LLC, Kingsbridge Holdings, LLC, QE Parent, LLC, and DMRS Holdings, LLC.

Mr. Gutin received his B.A. in Economics from The Johns Hopkins University in 1989 and his M.B.A. with highest distinction from The Tuck School of Business at Dartmouth in 1994.

### *Disciplinary History*

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

### *Other Business Activities*

Mr. Gutin is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

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

### *Supervision*

As a Partner of TZP Group, Mr. Gutin is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Gutin is not subject to the supervision of any other individual other than Samuel L. Katz and, with respect to compliance matters, the TZP Management Chief Compliance Officer.

## DANIEL H. GALPERN

### *Educational Background and Business Experience*

Daniel H. Galpern, born 1971, joined TZP Group in July 2008. Mr. Galpern serves as Partner and as a member of the Investment Committee for TZP Capital Fund I, TZP Capital Fund II and TZP Capital Fund III and the Investment Committee for TZP Small Cap Fund I. Mr. Galpern began his career in 1996 as a Mergers and Acquisitions Associate at Skadden, Arps, Slate, Meagher & Flom LLP. In 2000, Mr. Galpern joined TD Capital Communications Partners as an associate, becoming Vice President in 2002. At TD Capital Communications Partners, Mr. Galpern originated, executed and monitored private equity investments in the media, communications and business services industries. In 2003, Mr. Galpern joined CurtCo Media Labs, LLC as its Executive Vice President and then became its Chief Operating Officer. Mr. Galpern is a member of the Board of Directors of Water Cooler Group (WCG), LLC, Snap Fitness Holdings, Inc., ASSOS of Switzerland, S.A., University Furnishings, LP, Hylan Holdings, LLC, This Old House Holdings, LLC, and Children's Rights, Inc.

Mr. Galpern received his B.S. in Political Science from Washington University in 1993 and his J.D. from Fordham University School of Law in 1996.

### *Disciplinary History*

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

### *Other Business Activities*

Mr. Galpern is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

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

### *Supervision*

As a Partner of TZP Group, Mr. Galpern is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Galpern is not subject to the supervision of any other individual other than Samuel L. Katz and, with respect to compliance matters, the TZP Management Chief Compliance Officer.

## **PAUL N. DAVIS**

### *Educational Background and Business Experience*

Paul N. Davis, born 1979, joined TZP Group in August 2008. Mr. Davis serves as Partner and as a member of the Investment Committee for TZP Capital Fund I, TZP Capital Fund II and TZP Capital Fund III. Mr. Davis began his career in 2002 as a Financial Analyst in the Investment Banking Division of Citigroup Inc., where, during his tenure, he worked on numerous M&A and financing transactions. In 2004, he joined the corporate strategic planning department of The Walt Disney Company as a Senior Analyst. Mr. Davis serves as a member of the Boards of Directors of Water Cooler Group, LLC, Cloud5, LLC, Pyramid Management Holdings, LLC, and Hylan Holdings, LLC.

Mr. Davis received his B.B.A. in Finance and Accounting from the University of Michigan in 2002 and his M.B.A. from Harvard Business School in 2008.

### *Disciplinary History*

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

### *Other Business Activities*

Mr. Davis is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

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

### *Supervision*

As a Partner of TZP Group, Mr. Davis is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Davis is not subject to the supervision of any other individual other than Samuel L. Katz and, with respect to compliance matters, the TZP Management Chief Compliance Officer.



## **RODNEY ESHELMAN III**

### *Educational Background and Business Experience*

Rodney Eshelman III, born 1976, Partner, joined TZP as a TZP Small Cap Fund I Partner in September 2014. Mr. Eshelman also serves as a member of the Investment Committee for TZP Small Cap Fund I. Mr. Eshelman began his career in 1998 as an Analyst in the Corporate Finance Division of PaineWebber, where he focused on mergers and acquisitions in the consumer products and retail sectors. In 2000, he joined JPMorgan Partners where he focused on growth equity, recapitalizations, and buyout investments in the business services, consumer, healthcare, and industrial sectors. In 2004, he joined Crystal Ridge Partners, a private equity firm that invests in small deals market companies in the business services and light manufacturing sectors. As a Founding Member and Managing Director of Crystal Ridge Partners, Mr. Eshelman originated, executed, and monitored numerous control recapitalizations with founder and family owned businesses. In 2011, he co-founded Alston Capital Partners, a private equity firm that invests in small deals market companies in the business services and specialty manufacturing sectors. At Alston Capital Partners, he focused on growth equity and control recapitalizations in founder and family owned businesses. Mr. Eshelman serves on the Boards of Directors of BigName Holdings, LLC d/b/a Envelopes.com, Family Entertainment Group Holdings, LLC, Library Associates Holdings, LLC, DMRS Holdings, LLC, The Black Tux, Inc, and FreshAddress TopCo, LLC.

Mr. Eshelman received his A.B. with distinction from Duke University in 1998 and his M.B.A. from the University of California at Berkeley in 2005.

### *Disciplinary History*

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

### *Other Business Activities*

Mr. Eshelman is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

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

### *Supervision*

As a Partner of TZP Small Cap Fund I, Mr. Eshelman is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Eshelman is not subject to the supervision of any other individual other than Samuel L. Katz and, with respect to compliance matters, the TZP Management Chief Compliance Officer.

## **WILLIAM H. HUNSCHER, JR.**

### *Educational Background and Business Experience*

William H. Hunscher, born 1962, Partner, joined TZP as a TZP Small Cap Fund I Partner in July 2014. Mr. Hunscher also serves as a member of the Investment Committee for TZP Small Cap Fund I. Mr. Hunscher began his career in 1986 as a Financial Analyst with Lehman Brothers. From 1988 to 1992, he was an associate at The Blackstone Group. From 1993 to 2000, Mr. Hunscher was a Partner and Head of Corporate Development for Arnold Palmer Golf Management, where he built a leading owner and operator of high quality, branded golf courses and golf schools across the United States. In 2000, Mr. Hunscher conceived and co-founded SharedEquity LLC, an innovative financial product designed to create financial liquidity and diversity for employees and angel investors of private, venture-backed companies. In 2001, Mr. Hunscher joined Mr. Katz at Cendant Corporation where, as an Executive Vice President of Corporate Development, he led numerous transactions in the hospitality, car rental, timeshare, travel and related industries. From 2003 to 2008, Mr. Hunscher was a Managing Member of CHK Capital Partners, a small deals market-focused private investment advisory firm focused on acquiring and building businesses within the State of Maine. During this time, he founded and was Chief Executive Officer of CLYNK LLC, an innovative, consumer-facing recycling company. From 2008 to 2013, Mr. Hunscher was a Partner with Blueshift Partners, LLC, an independent investment fund geared towards opportunistic investments in early stage companies, one of which was Bath Simple LLC, where Mr. Hunscher served as Founder and Chief Executive Officer from 2010 to 2013. Mr. Hunscher serves as a member of the Board of Directors of Family Entertainment Group Holdings, LLC, Library Associates Holdings, LLC, This Old House Holdings, LLC, DMRS Holdings, LLC, Advocate Holdings, LLC, FreshAddress TopCo, LLC, Dynamic Communities TopCo, LLC.

Mr. Hunscher received his B.A. in English from Wesleyan University in 1985. He is a former President of the Board of The Breakwater School in Portland, Maine.

### *Disciplinary History*

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

### *Other Business Activities*

Mr. Hunscher is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

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

### *Supervision*

As a Partner of TZP Small Cap Fund I, Mr. Hunscher is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Hunscher is not subject to the supervision of any other individual other than Samuel L. Katz and, with respect to compliance matters, the TZP Management Chief Compliance Officer.

## **DANIEL J. GASPAR**

### *Educational Background and Business Experience*

Daniel J. Gaspar, born 1979, Partner, joined TZP as a TZP Small Cap Fund I Partner in October 2017. Mr. Gaspar serves as a member of the Investment Committee for TZP Small Cap Fund I. Mr. Gaspar began his career in 2001 as an investment banker in the Global Media and Communications Group at Morgan Stanley, where he focused on mergers and acquisitions and corporate finance transactions. In 2005, he joined Trimaran Capital Partners, where he focused on buyout investments across the media, restaurant and transportation industries. In 2007, Mr. Gaspar co-founded CNPrivate Equity Partners (later known as Gotham Equity Partners). At Gotham, Mr. Gaspar was responsible for sourcing and leading investments in several business services and consumer products companies. In 2011, Mr. Gaspar joined High Road Capital Partners, where he was later promoted to Partner. At High Road, Mr. Gaspar focused on leveraged buyouts of lower-middle-market companies across a variety of industries, including consumer products, industrial services, healthcare services and manufacturing. Mr. Gaspar currently serves on the Board of Directors of Advocate Holdings, LLC and Dynamic Communities TopCo, LLC.

Mr. Gaspar received a B.S. in economics from The Wharton School of the University of Pennsylvania in 2001 and an M.B.A. in finance from Columbia Business School, graduating Beta Gamma Sigma, in 2005.

### *Disciplinary History*

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

### *Other Business Activities*

Mr. Gaspar is not engaged in any investment-related business outside of his roles with TZP Management and its affiliates.

### *Additional Compensation*

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

### *Supervision*

As a Partner of TZP Small Cap Fund I, Mr. Gaspar is responsible for implementing and overseeing the investment strategy of the clients of TZP Group. Mr. Gaspar is not subject to the supervision of any other individual other than Samuel L. Katz and, with respect to compliance matters, the TZP Management Chief Compliance Officer.