

# **Leeds Equity Advisors, Inc.**

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Form ADV Part 2A: Firm Brochure  
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**This brochure provides information about the qualifications and business practices of Leeds Equity Advisors, Inc. If you have any questions about the content of this brochure, please contact Peter Lyons at (212) 835-2052 or by email at [Peter.Lyons@leadsequity.com](mailto:Peter.Lyons@leadsequity.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Leeds Equity Advisors, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC does not imply any level of skill or training.**

## **Item 2 – Material Changes**

This brochure dated March 31, 2019 serves as an update to the brochure of Leeds Equity Advisors, Inc. dated March 31, 2018 (the “Prior Brochure”). There have been no material changes to this brochure since it was last updated. This brochure contains routine annual updates to the prior brochure, as well as certain other updates, including those regarding risk factors and conflicts of interest.

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#### **Item 4 – Advisory Business**

Leeds Equity Advisors, Inc. (the “Adviser,” “Leeds Equity” or the “Firm”) is a Delaware S-Corporation owned and controlled by Jeffrey T. Leeds. The Firm provides investment advisory services to private funds that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The amount of discretionary assets under management as of December 31, 2018 is approximately \$1,863,139,988 and is based on unaudited financial data which are subject to change. The figure includes \$70,839,204 in uncalled capital commitments for certain Funds that are beyond their investment period for which the General Partners do not expect to fully call capital for additional investments.

Leeds Equity, along with the general partners of each of the funds (the “General Partners”) (i) originate, recommend, structure and identify sources of capital for investment opportunities to the funds, (ii) monitor, evaluate and make recommendations regarding the timing and manners of disposition of portfolio company investments and (iii) provide such other services related thereto for the funds.

The primary focus of Leeds Equity’s investment advisory activity is on recommending and making investments in equity and equity-related securities in the education, training and information services industries (the “Knowledge Industries”). The Knowledge Industries includes businesses offering products, services and solutions that enable individuals and enterprises to be more effective in an increasingly global, hyper-competitive, information-intensive and fast changing marketplace.

The Firm currently serves as the investment adviser for a number of private funds (the “Main Funds”). Leeds Equity may, from time to time, establish Funds on a transaction by transaction basis to allow certain persons to invest alongside one or more of the Main Funds in a particular investment opportunity (the “Co-Investment Funds”). Co-Investment Funds are typically limited to investing in securities relating to the transaction or transactions with respect to which they were organized. As a general matter, any co-investment by a Co-Investment Fund (other than an “Executive Fund” formed to allow firm employees and portfolio company managers to invest side by side with other Co-Investment Funds and the Main Fund) will be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable Main Fund. The Firm currently serves as the investment adviser to all such Co-Investment Funds.

Additionally, Leeds Equity may also organize certain other Funds which are “feeder” vehicles organized to invest exclusively in a Main Fund (“Feeder Fund”), and/or alternative investment vehicles one of the Main Funds organized to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction (“Alternative Investment Vehicle” and together with the Feeder Funds, the Co-Investment Funds and the Main Funds, the “Leeds Equity Funds” or the “Funds”). The Firm currently serves as the investment adviser to all of the Funds.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the limited partners of the Funds. Services are provided pursuant to separate investment advisory agreements with the Funds (each, an “Advisory Agreement”) and/or organizational documents of the applicable Fund. Investment restrictions, if any, are generally set forth in the organizational documents of the applicable Funds.

## **Item 5 – Fees and Compensation**

*Management Fee.* As compensation for investment advisory services provided under the advisory agreements with each Main Fund, Leeds Equity receives an annual management fee payable quarterly in advance. Upon termination of an advisory agreement, appropriate treatment will be given to all management fees collected in advance. As described below, management fees may be reduced or waived in connection with the receipt by Leeds Equity or its related persons of various fees paid by actual or prospective portfolio companies. The management fee is generally subject to waiver or reduction by Leeds Equity in its sole discretion, including in connection with investments made by the General Partners or its related persons. Leeds Equity's compensation is generally defined in the organizational documents of the applicable Leeds Equity Fund (a "Partnership Agreement") or in the Advisory Agreement between Leeds Equity and such Leeds Equity Fund, or both. The terms of the management fees are generally negotiated with investors in the Leeds Equity Funds (whose investors are usually highly sophisticated and represented by knowledgeable counsel). Leeds Equity generally does not charge management fees on capital committed to a Co-Investment Fund by (i) employees of the Advisor or a current or former Portfolio Company Manager or by limited partners of the Main Funds that participate in such Co-Investment Fund. In addition, Leeds Equity does not charge a separate management fee to the Feeder Funds and the Alternative Investment Vehicles; however an investor in the Feeder Funds and Alternative Investment Vehicles would indirectly pay a management fee through the management fee charged to the Main Fund.

*Other Fees and Expenses.* Generally, and except as otherwise set forth in the Partnership Agreement of a Leeds Equity Fund, Leeds Equity will ultimately bear all fees and out-of-pocket expenses of any placement agent that solicits investors for the Funds. The Funds will bear all legal and other expenses, including the out-of-pocket expenses of the applicable General Partners, incurred in the formation of the Funds up to an amount specified in the organizational documents. Organization expenses in excess of this amount, if any, ultimately will be borne by Leeds Equity.

Generally, and except as otherwise set forth in the Partnership Agreement of the applicable Leeds Equity Fund, the General Partner of each Fund shall bear and be charged with the costs and expenses associated with the overhead necessary for the Fund's operations, fees paid to members of any advisory board and compensation of the General Partners' and Adviser's personnel ("General Partner Expenses"). The Funds shall generally bear and be charged with all expenses of the Fund other than General Partner Expenses, including, without limitation, the following costs and expenses of the Fund: (i) legal, auditing, custodial, administrative, consulting, financing and accounting fees and expenses, along with expenses relating to the preparation and filing of any governmental, tax and regulatory, compliance reports and other filings; (ii) (A) all out-of-pocket fees, costs and expenses, if any, incurred in developing, negotiating, structuring, and disposing of actual portfolio investments, including without limitation any financing, legal, accounting, advisory and consulting expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Fund invests or other third parties), and (B) broken deal expenses (including (1) any legal, accounting, advisory, consulting or other third-party expenses in connection therewith, (2) any travel and accommodation expenses incurred with respect to an identified prospective investment, (3) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources, and (4) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment), to the extent not reimbursed by an entity in which the Fund has invested or proposes to invest or by other third parties or capitalized as part of the acquisition

of a transaction; (iii) brokerage commissions, custodial expenses and other investment costs actually incurred in connection with actual portfolio investments; (iv) interest on and fees and expenses arising out of all borrowings made by the Fund, including, but not limited to, the arranging thereof; (v) the costs of any litigation, governmental or private investigations, inquires or proceedings involving any Fund or portfolio investment of a Fund, D&O liability or other insurance, and any indemnification expenses, damages, fines and penalties (including any indemnity granted to any placement agent or third-party finder engaged by the Fund) or extraordinary expense or liability relating to the affairs of the Fund; (vi) expenses of liquidating the Fund; (vii) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; (viii) the expenses of any limited partner advisory committee, advisory boards and costs relating to the annual investor meeting; (ix) regulatory and compliance expenses, including expenses associated with (A) the preparation of the Fund's financial statements, tax returns and Schedule K-1s, and the representation of the Fund or the Partners by the tax matters partner and the partnership representative and (B) U.S. Treasury forms and FATCA compliance, in each case as relates specifically to the Fund and the Portfolio Companies, but excluding, for the avoidance of doubt, the costs of the Advisor's general compliance with the Advisers Act, such as preparation and updating of Form ADV; (x) costs of reporting to the partners of the Fund (including the costs of the partner meetings) and to governmental authorities with respect to the partners, the Fund or the Fund's activities and investments; and (xi) annual registration fees and registered office fees and expenses.

*Other Services.* Leeds Equity and its related persons will typically perform transactional and financial advisory services ("Other Services") for, and will be compensated from, actual or prospective portfolio companies or other transaction related investment vehicles of the Leeds Equity Funds, including such fees in connection with mergers, acquisitions, refinancings, add-on acquisitions, public offerings, dispositions and other transactions.

While fees for Other Services are in addition to the management fees paid by the Leeds Equity Funds, future management fees are typically reduced by a percentage of fees for Other Services received by Leeds Equity that relate to services performed for actual or prospective portfolio companies of a specific Leeds Equity Fund. The calculation of such reduction varies from fund to fund and is described in the applicable fund documents. If the reduction in any quarterly period would reduce the management fee for that period below zero, any excess is carried forward and used to reduce the management fee for the next quarterly period. To the extent that the Fund is not charged or is no longer charged a management fee, there may be no further reduction or other distribution to the Funds of the fees for Other Services.

The Adviser, its affiliates and the Funds' portfolio companies may also engage and retain senior advisers, consultants, and other professionals who are not employees of the Adviser or its affiliates and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. Such payments include payments for costs and expenses incurred by the senior advisers, consultants or other similar professionals incurred in the course of providing services to the portfolio companies. Such costs may include, without limitation, board fees, travel expenses, and administrative expenses. Payments may take the form of reimbursements by the portfolio companies of payments made by the Adviser or its affiliates to such senior advisers, consultants, and other professionals. In these circumstances, such amounts will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

A portion of each Leeds Equity Fund's net investment profit is allocated to the capital account of its General Partner as "Carried Interest," subject to the Fund achieving certain performance thresholds. The precise amount of, and the manner and calculation of, the Carried Interest of each Fund is disclosed in the organizational and offering documents of each Fund. Co-Investment Funds established by Leeds Equity may or may not be charged a performance-based fee, or may be charged a performance-based fee at a lower rate than the Funds with which they co-invest. Each General Partner of a Leeds Equity Fund is a related person of Leeds Equity. Profits and losses of an Alternative Investment Vehicle and its related Feeder Fund(s) will generally contain terms and conditions substantially similar to those of the Main Fund with respect to which it is formed and profits and loss will generally be aggregated with those of such Main Fund for purposes of determining distributions by the Main Fund and the Alternative Investment Vehicle.

Performance-based fee arrangements may create an incentive to favor higher fee paying Leeds Equity Funds over other Leeds Equity Funds in the allocation of investment opportunities. Leeds Equity has procedures designed to prevent this conflict from influencing the allocation of investment opportunities among the Leeds Equity Funds.

Leeds Equity may in its sole and absolute discretion give certain persons (including limited partners, members of the advisory board, certain operating advisors and executives and other third parties) an opportunity to co-invest in particular portfolio investments alongside the Leeds Equity Funds, including for example, on the basis of the size of an investor's commitments to a Fund as well as a broad range of other considerations, including commercial considerations for the applicable portfolio investment, an investor's stated desire to participate in co-investments, the General Partner's determination of the appropriateness of offering a co-investment opportunity, an investor's ability to execute such offer and the approval of transaction counterparties. There can be no assurances with respect to the amount of any co-investment opportunity that will be made available to an investor in connection with an investment in a Fund, and nothing in this Brochure constitutes a guarantee, prediction or projection of the availability to an investor of co-investment opportunities. Investing in a Fund does not entitle any investor to allocations of co-investment opportunities and such opportunities may, and typically will, be offered to some and not other investors, or to third parties who are not investors in the Fund. The terms of any such investment, including the fees and carried interest applicable to such co-investment, if any, will be negotiated by the Adviser and the potential co-investor on a case-by-case basis in their respective sole and absolute discretion. All co-investments shall be made in the same securities as those in which the Leeds Equity Funds invests and shall be at a price not less than that paid by the Funds. The General Partners may make a nominal investment in any vehicle formed for a co-investment opportunity.

## **Item 7 – Types of Clients**

Leeds Equity provides investment advisory services to the Leeds Equity Funds. The limited partners of such Leeds Equity Fund have no control or discretion over Fund investments.

Interests in Leeds Equity Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Limited Partners of Leeds Equity Funds include a broad range of

institutions, including public and private pension plans, endowments, foundations, corporations, financial institutions, fund of funds, family offices and high net worth individuals.

Minimum investment commitments are typically established for limited partners in Leeds Equity Funds, although the General Partner of each Fund, in its sole discretion, may permit investments of less than the required minimum investment commitment as set forth in the applicable Fund documents of each Fund.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

Leeds Equity conducts a thorough review of each prospective investment before recommending the investment to one or more of the Leeds Equity Funds. It is Leeds' policy to ensure that the investment professionals assigned to each prospective investment have completed a regimented due diligence process, specifically addressing key characteristics the Firm believes indicate an attractive investment. Some of these company specific characteristics include an excellent value proposition for the customer or client, proprietary products or processes, key competitive advantages, meaningful barriers to entry, a history of positive, predictable cash flows, sustainable growth and a strong executive team, among others.

### **Sourcing**

Leeds Equity has a history of originating proprietary investment opportunities and has built relationships with numerous management teams and companies resulting from over nearly two decades of focus within the Knowledge Industries. The Firm believes these relationships are critical to identifying future investment opportunities.

### **Due Diligence**

Leeds Equity is rigorous in its due diligence and review of opportunities to ensure that all potential investments satisfy the necessary criteria to invest. The formal due diligence process typically includes a detailed analysis of the market and current and future competitive environment, meetings with company management, site visits, a thorough financial review including projection models, customer interviews, reviews by qualified outside consultants including one or more of an accounting, legal, insurance, regulatory, human capital or environmental review and background checks on key personnel. An integral component of this analysis is the development of a detailed financial model for the company. The diligence process is summarized into a formal investment memorandum which is reviewed by the Investment Committee.

### **Investment Committee**

Investment decisions are made by the Investment Committee acting on behalf of the General Partner of the applicable Fund. The Investment Committee reviews each investment opportunity in a formal meeting prior to investment. While the formal Investment Committee is currently comprised of Jeffrey Leeds, , Jacques Galante, Peter Lyons and Scott VanHoy, all Leeds investment professionals are allowed to participate in the meetings leading up to the formal Investment Committee meeting so that each individual has a voice in addressing the opportunities and risks of each potential investment.



While Leeds' culture is grounded less in a formal approval system and more in a deliberate, collegial and thoughtful diligence process in which everyone contributes and participates, no investment is completed without the affirmative consent of 3 of the 4 members of the Investment Committee.

### **Active Management**

Once a Leeds Equity Fund invests in a particular company, Leeds actively partners with management teams to drive value by implementing a comprehensive set of strategic, operational and financial initiatives over the life of the investment. The Firm has significant experience in assisting portfolio companies professionalize their management and processes, support founders to drive growth or transition to the next generation of managers and capitalize on the myriad of business opportunities available in this constantly changing market. The Firm also leads acquisition and divestiture opportunities on behalf of each portfolio company. Leeds Equity investment professionals actively participate on the boards of portfolio companies and partner with management teams in the following areas:

- Strategic planning and corporate development: Strategic planning and the evaluation and execution of merger, acquisition, and divestiture transactions. Also new product / solution development, prioritization of opportunities and execution against those opportunities.
- Organizational design: Leeds Equity has played an active role helping portfolio companies design their operational organizations and board of directors in order to execute the companies' strategic plans.
- Recruiting: Leeds Equity participates in the recruitment of directors and senior managers of its portfolio companies.
- Customer and partner relationship development: Leeds Equity utilizes its relationships in the Knowledge Industries to develop and enhance portfolio companies' customer and partner relationships.
- Capital markets: Leeds Equity has leveraged the Firm's capital markets relationships and expertise to help efficiently finance portfolio companies and enhance returns.
- Cross-portfolio collaboration: Leeds Equity creates opportunities for portfolio companies to share best practices and cross-sell where appropriate to drive incremental returns. Leeds Equity also leverages portfolio companies in the due diligence process of potential acquisitions when appropriate.

### **Material Risks & Risk of Loss**

Investments by Leeds Equity Funds in portfolio companies involve material risks and a risk of loss that investors should be prepared to bear. A Leeds Equity Fund may lose all or a substantial portion of its invested capital. In addition, some of the material risks relating to the investment strategies and to the types of securities typically purchased by a Leeds Equity Fund in connection with those strategies are set forth below. A more detailed description of such risks is included in the private placement memorandum of each Leeds Equity Fund:

*Difficulty of Locating Suitable Investments; Unspecified Use of Proceeds.* Although the Principals and other investment professionals of the Advisor have been successful in locating investments in the past, there can

be no assurance that a Leeds Equity Fund will be able to find a sufficient number of attractive opportunities to meet its investment objectives or targeted returns or to fully invest its committed capital. A Leeds Equity Fund expects to encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been formed (and many such existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General Partner, the Adviser and a Leeds Equity Fund. There is no assurance that a Leeds Equity Fund will be able to generate returns for the Limited Partners or that the returns will be commensurate with the risks of the investments within the Fund's investment objectives or targeted returns. Purchasers of Interests will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by a Leeds Equity Fund and, accordingly, will be dependent upon the judgment and ability of the General Partner and the Advisor in investing and managing the capital of such a Fund.

*Valuation of Assets.* There is typically no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstances of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold.

*Investments in the Education and Training Sector.* Leeds Equity Funds may make significant investments in portfolio companies operating in the education and training sector. While the Adviser intends to avoid investing in companies in highly regulated sectors, some education training companies may be directly or indirectly subject to extensive and varied government regulation, licensing and accreditation requirements at the federal, state and local level. For example, while the Adviser intends to avoid investing directly in providers of postsecondary education, a Leeds Equity Fund may invest in companies that provide services to such companies. Postsecondary education companies that operate higher educational schools participating in the various federal student financial aid programs under Title IV ("Title IV Programs") of the United States Higher Education Act of 1965 (the "HEA") and related regulations are subject to significant regulatory scrutiny and could be adversely affected by a loss of or limitations placed on such companies' participation in Title IV Programs, which may result from, for example, (i) the loss of state authorization and accreditation allowing such institutions to operate and to grant degrees or diplomas, (ii) student loan defaults in excess of certain prescribed limits, (iii) the failure to demonstrate requisite "administrative capability" pursuant to applicable regulations, (iv) a failure to meet "financial responsibility" standards imposed by the HEA and related regulations, (v) a change in ownership resulting in a change of control of an institution participating in Title IV Programs (e.g., resulting from a significant investment in the operator of such institution), (vi) the failure to return to appropriate lenders or Title IV Programs any excess Title IV Program funds that an institution received in connection with a withdrawing student, (vii) receipt by an institution of more than 90% of its applicable revenues for a fiscal year from Title IV Programs, (viii) the failure of an institution to be accredited by an agency recognized by the

Department of Education, (ix) the admission of students whose educational credentials fail to meet minimum requirements, (x) the violation of prescribed limitations on “distance education” courses and (xi) the failure to demonstrate proper “cash management” procedures pursuant to applicable regulations.

Companies in the education and training sector also face significant competition in the often fragmented markets in which they operate. For example, (i) childcare facilities and pre-schools compete for enrollment with family childcare (operated out of the caregiver’s home) and center-based childcare (residential and work-site childcare centers, full and part-time nursery schools, and church-affiliated and other not-for-profit providers), which are often able to provide services at a lower cost and without regulatory oversight, (ii) for-profit secondary education companies compete with traditional public and private not-for-profit schools, which are often lower cost providers as a result of, in part, government subsidies and (iii) for-profit adult education and training providers compete for students with vocational and technical training schools, degree-granting colleges and universities, continuing education programs and commercial training programs, many of which offer programs similar to those offered by such providers at a lower tuition cost due in part to government subsidies, foundation grants, tax-deductible contributions or other financial resources not available to for-profit institutions.

The consumer market for educational products and services is intensely and increasingly competitive and is characterized by rapid changes in technology and customer requirements that may render a portfolio company’s products or services obsolete. Abrupt changes in consumer requirements and market perceptions (including the demand for higher quality content) and advances in computer software and hardware require these providers and companies to develop or acquire new products and to enhance their existing products on a timely basis. Education content providers and education retail companies compete for retail shelf space and general consumer awareness. In the retail distribution channel, resellers typically have available a limited amount of shelf space and promotional resources. Intense competition exists for high quality and adequate levels of shelf space and promotional support from retailers. Education content providers and education retail companies compete for shelf space against non-educational and reference category publishers such as games.

*Investments in the Information Services Sector.* A Leeds Equity Fund may make investments in portfolio companies operating in the information services sector which includes information and data solutions, and certain sub-sectors within technology-enabled business services and application software. The information services industry is dependent on developing and marketing new products and services that respond to technological and competitive developments and changing client needs and tastes. There can be no assurances that the products and services of a portfolio company will gain market acceptance, and any significant delay or failure in developing new product and service offerings could result in a loss of actual or potential market share and a decrease in revenues of a portfolio company. In addition, the information services industry is rapidly evolving and highly competitive. Some of the competitors faced by portfolio companies may have significantly greater financial, technical, marketing and other resources. Some of these competitors may also offer a wider range of services than portfolio companies and have greater name recognition and a larger client base and may also be able to undertake more extensive promotional activities, offer more attractive terms to clients, or adopt more aggressive pricing policies. If a portfolio company is unable to compete effectively, its business, financial condition, results of operations and prospects could be materially adversely affected.

Intellectual property rights are critical to the success of portfolio companies operating in the information services sector. Portfolio companies will likely rely on a combination of copyright, trademark, trade secret laws and contractual restrictions to protect their proprietary technology and rights. However, despite those efforts to protect that proprietary technology and those rights, a portfolio company may not be able to prevent misappropriation of those proprietary rights or deter independent development of technologies that compete with such portfolio company's business. Litigation may also be necessary to enforce a portfolio company's intellectual property rights, protect its trade secrets, or determine the validity and scope of the proprietary rights of others. It is also possible that third parties may claim a portfolio company has infringed their patent, trademark, copyright or other proprietary rights. Claims or litigation, with or without merit, could result in substantial costs and diversions of resources, either of which could have a material adverse effect on the competitive position and business of a portfolio company.

The information services industry is affected by rapid and significant changes in technology. These changes may reduce the demand for certain existing products and services and technologies used in the industry or render them obsolete. There can be no assurances that the technologies used by or relied upon or produced by a portfolio company will not be subject to such reduction in demand or obsolescence.

The market for technology-enabled business services involves the delivery of professional services. The success of a portfolio company in this market depends on its ability to provide its clients with highly qualified and experienced personnel, and the loss of such personnel or an inability to attract and retain new personnel, could adversely affect the business of such portfolio company. The market for the provision of business services is competitive and fragmented. This competition is likely to continue in the future due to the expected growth of the market and the relatively few barriers to entry. Portfolio companies operating in this sector compete with, among others, consulting firms, employees loaned from major accounting and consulting firms, traditional and Internet-based staffing firms and in-house resources of the customers of such portfolio companies. Furthermore, an economic downturn or change in the use of outsourced business services and personnel could adversely affect the business of such portfolio companies.

*Investments in Technology Dependent Businesses.* A portion of a Leeds Equity Fund's capital may be invested in portfolio companies involved in or reliant upon the application software or Internet industries. Concentration in an industry may involve risks greater than those generally associated with more diversified funds, including significant fluctuations in returns. Application software and Internet markets are challenged by rapidly changing market conditions and/or participants, new competing products and services and improvements in existing products and services. A Leeds Equity Fund's portfolio companies may compete in this volatile environment. There is no assurance that products or services sold or relied upon by portfolio companies will not be rendered obsolete or adversely affected by competing products and services or other challenges. Instability, fluctuation or an overall decline within the application software and Internet industries will likely not be balanced by investments in other industries not so affected. In the event that the application software and Internet industries, or the technology sector as a whole declines, returns to Limited Partners may decrease.

*Investments in Less Established Companies.* Leeds Equity Funds typically take control positions in middle market companies operating in the Knowledge Industries. However a Leeds Equity Fund may invest a portion of its assets in the securities of early stage companies if such companies are strategic to other companies in the portfolio. Investments in such early stage companies may involve greater risks than

generally are associated with investments in more established companies. To the extent there is any public market for the securities held by a Leeds Equity Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have smaller capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues. Such companies may also require substantial additional capital to support expansion or to achieve or maintain a competitive position and may face intense competition from companies with greater financial resources. Some of the portfolio Investments that may be made by a Leeds Equity Fund can be characterized as venture capital investments, and should be considered highly speculative and may result in the loss of a Fund's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on the Fund's other investments.

*Illiquid and Long-Term Investments, Investments Longer than Term.* It is anticipated that a Leeds Equity Fund will complete its investments in portfolio companies over a number of years. In light of the foregoing, it is likely that no significant return from the disposition of such a Fund's investments will occur for a substantial period of time from the date of closing of the Fund. Generally, there will be no readily available market for investments made by Leeds Equity's Funds. Disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors. A Leeds Equity Fund may invest in investments that may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

*Use of Portfolio Company Leverage.* While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks (as well as particular risks associated with investing in the industries targeted by the Leeds Equity) may have a more pronounced effect on the profitability or survival of such companies. Moreover, rising interest rates may significantly increase portfolio companies' interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a Leeds Equity Fund may suffer a partial or total loss of capital invested in the portfolio company.

Leeds Equity's targeted returns assume that the Funds will be able to leverage its investments at interest rates and on terms otherwise acceptable to the General Partner. The inability to obtain debt or to obtain enough debt on terms deemed appropriate by the General Partner could materially and negatively impact a Fund's ability to implement its strategy and seek its targeted returns. In addition, to the extent there is a lack of readily available and reasonably priced debt financing available to potential purchasers at the time a Leeds Equity Fund is ready to dispose of an investment, it could materially and negatively affect the number of potential purchasers and the prices purchasers are willing to pay to the Fund.

*Bridge Financings.* From time to time, a Leeds Equity Fund may loan money to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security or promptly refinanced or disposed of; however, for reasons not always in the Leeds Equity's control, 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 a Leeds Equity Fund and the Fund to be less diversified than the General Partner intended.

*Risk of Limited Number of Investments.* A Leeds Equity Fund may participate in a limited number of investments and, as a consequence, the aggregate return of such Fund may be substantially adversely affected by the unfavorable performance of any single investment. Other than investment limitations specifically disclosed in the organizational and offering documents of each Fund, investors have no assurance as to the degree of diversification of the Fund's investments, either by geographic region, asset type or sector. A significant percentage of the aggregate amount of commitments may be invested in any one investment at any one time, which may include bridge financings. In these circumstances and in other transactions where the General Partner intends to refinance all or a portion of the capital invested, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

*Financial Market Fluctuations.* General fluctuations in the market prices of securities may affect the value of the investments held by a Leeds Equity Fund. Instability in the securities markets may also increase the risks inherent in Leeds Equity's investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment in a portfolio company, a Leeds Equity Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. In addition, other claims may be brought in connection with the sale of a portfolio company. Although the Advisor will attempt to structure transactions so that it does not have to do so, a Leeds Equity Fund may be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the Fund. The Partnership Agreement of the relevant Fund will contain provisions to the effect that if there is any such claim during or after the term of the Fund, it will be funded by the Partners to the extent that the Partners have received prior distributions from the Fund, subject to certain limitations.

*Minority Investments and/or Investments with Third Parties in Joint Ventures and Other Entities.* Subject to the "venture capital operating company" requirements within the meaning of the plan assets regulation promulgated under U.S. Employee Retirement Income Security Act of 1974, as amended, to the extent applicable, a Leeds Equity Fund may invest in minority positions of companies and in companies for which the Fund has no right to appoint a director or otherwise exert significant influence or protect its position. Similarly, a Leeds Equity Fund may co-invest with third parties through joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. In such cases, the Fund will be

significantly reliant on the existing management and boards of directors of such companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. Moreover, in the case where a Leeds Equity Fund may co-invest, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the Fund's investment objectives. In addition, a Leeds Equity Fund may in certain circumstances be liable for the actions of its third party partners or co-venturers. Investments made with third parties in joint ventures or other entities may involve carried interests and/or other fees payable to such third party partners or co-venturers.

*Non-U.S. Investments.* Leeds Equity may invest a portion of each of its Funds' aggregate capital commitments outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign capital markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities.

*Follow-On Investments.* A Leeds Equity Fund may be called upon to provide follow-up funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that the Fund will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Leeds Equity Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Fund's ability to influence the portfolio company's future development.

*Hedging Policies/Risks.* In connection with the financing of certain investments, a Leeds Equity Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

*Force Majeure Risk.* Force majeure is the term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including earthquakes, hurricanes, lightning, fire, flood, war, terrorist events and labor strikes. Some force majeure risks are uninsurable or insurable only at rates that Leeds Equity would deem uneconomic. A force majeure event may adversely affect a party's ability, and relieve the party's duty, to perform its obligations until the party is able to perform, typically when the force

majeure event abates. These events could result in the partial or total loss of an investment or significant down time, resulting in lost revenues, among other potentially detrimental effects.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events which would be material to a client's evaluation of the investment adviser or the integrity of its management. No material items exist at this time.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

##### **Other Financial Industry Activities**

A registered investment adviser is required to disclose whether it or any of its management persons is registered, or has an application pending to register as a (a) broker-dealer or a registered representative of a broker-dealer, or (b) futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities. Neither Leeds Equity nor any of its management persons is registered as such or have any such application pending.

##### **Related General Partners**

Various limited partnerships and limited liability companies serve as General Partners of the Leeds Equity Funds. Leeds Equity has Advisory Agreements with these entities and the Leeds Equity Funds under which Leeds Equity provides investment advice to the Leeds Equity Funds.

##### **Conflicts of Interest**

Leeds Equity has enacted policies and procedures created specifically to address conflicts and potential conflicts of interest that may arise in the conduct of Leeds's business. Leeds investment professionals are encouraged to seek clarification of, and discuss questions about potential conflicts of interest by bringing them to the attention of the Chief Compliance Officer. Each employee is expected to adhere to the highest standard of professional and ethical conduct and be sensitive to situations that may give rise to an actual conflict or the appearance of a conflict with the Leeds Equity Funds' interests or have the potential to cause damage to Leeds's reputation.

Potential conflicts of interest include:

*Performance Allocation.* The existence of the General Partners' carried interest may create an incentive for a General Partner to make more speculative investments on behalf of Leeds Equity Funds than it would otherwise make in the absence of such performance-based compensation, although numerous factors built into each Fund's Partnership Agreement should tend to reduce this incentive. In addition, the General Partner of certain Funds will generally value any securities being distributed in-kind to investors in order to calculate the carried interest. Such valuations of the Fund's investments will be determined by the General Partner. If the valuations conducted by the General Partner are incorrect, the amount and the timing of payment of carried interest could be incorrect.

*Investment Allocation.* In addition to the investment allocation policies and procedures established by Leeds Equity, the Partnership Agreement of each Leeds Equity Fund includes requirements and limitations



relating to certain other activities at Leeds Equity and certain of its affiliates, including those related to varying successor or competing funds, to principal transactions, to co-investments by Leeds Equity and its affiliates, to making portfolio investments outside of the particular Leeds Equity Funds and to transactions with affiliated parties generally.

*Other Activities and Relationships.* Leeds investment professionals will devote time and attention to the management of prior funds and their investments, and may devote time and attention to other activities, including successor funds, other vehicles and Leeds's other investments and business activities. The investment professionals may also serve as members of the boards of directors of various companies. Conflicts may arise as a result of such other activities. The possibility exists that the companies with which one or more of the investment professionals is involved could engage in transactions which would be suitable for a Leeds Equity Fund, but in which such Leeds Equity Fund might be unable to invest.

*Board of Advisors.* Members of the Board of Advisors of the Adviser (the "Board"), may provide services regarding investing, monitoring or managing portfolio companies, and may become officers or employees of a portfolio company. Members of the Board may receive a retainer fee to be borne by the General Partner or its affiliates (excluding the Funds and any portfolio company). Such persons will not be compensated by the Leeds Equity Fund invested in the portfolio company, although their expenses may be reimbursed by such Leeds Equity Fund. Although members of the Board of Advisors will not receive compensation directly from Leeds Equity Funds, such persons may receive directors' fees, profits interests or other remuneration or compensation from portfolio companies, in addition to the retainer referred to above. Any compensation received by members of the Board (including from a portfolio company) will not be applied to reduce management fees otherwise payable to the Adviser.

*Conflicts with Portfolio Companies.* Officers and employees of the Adviser may serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of the portfolio company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of the portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Leeds Equity Fund invested in such portfolio company, and vice versa. In addition, the possibility exists that the portfolio companies with which one or more officers or employees of the Adviser are involved could engage in transactions that would be suitable for the Fund, but in which the Leeds Equity Fund might be unable to invest. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer or employee of the Adviser and such person's duties as a director of the portfolio company.

*Material, Non-Public Information.* By reason of their responsibilities in connection with their other activities, certain investment professionals may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Leeds Equity Funds will not be free to act upon any such information. Due to these restrictions, Leeds Equity Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Diverse Limited Partner Group.* Limited partners may have conflicting investment, tax and other interest with respect to their investments in a Leeds Equity Fund. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by the fund, the structuring or acquisition of investments and the timing of disposition of investments. As a consequence,

conflicts of interest may arise in connection with the decisions made by the General Partner, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another, especially with respect to investors' individual tax situations. In selecting and structuring appropriate investments, Leeds Equity and its affiliated General Partners will consider the investment and tax objectives of a Leeds Equity Fund and its limited partners as a whole, not the investment, tax or any limited partner individually.

*Allocations.* Each Leeds Equity Fund may pursue investment opportunities similar to those pursued by another Fund. The allocation of investment opportunities among Funds will be determined by the Adviser in its good faith judgment to be fair and reasonable, and in accordance with the organizational documents of the relevant Funds. Allocation decisions can raise conflicts, for example, if Funds have different fee structures. Subject to a Fund's investment objectives and guidelines, the Adviser generally allocates investment opportunities on a pro-rata basis among eligible Funds based upon the current equity of each Fund. However, as noted above, an investment opportunity may be allocated among Funds on a non-pro-rata basis in the event that Leeds determines in good faith that such pro-rata allocation is fair and reasonable, and may consider other factors such as risk factors and/or diversification, Fund investment restrictions, currency or other exposures, current portfolio composition (including current cash available), whether the Fund has an existing investment in the portfolio company, as well as the Fund's phase in its life cycle (for example, certain opportunities may be over-allocated or under-allocated to a Fund during the beginning or the end of its investment cycle). The Adviser will not allocate investment opportunities based, in whole or in part, on: (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

The sale or redemption of an existing investment is typically made by reference to factors similar to those described above, subject to modification based on tax, regulatory, investment or other considerations. Unless otherwise prohibited by law or the insider trading or other internal policies of the applicable portfolio company, each Co-Investment Fund is required to dispose of a pro rata portion of any portfolio investment at the same time and on the same terms and conditions on which the other Funds dispose of a proportionate share of their investment.

Subject to any restrictions in the organizational documents of the applicable Fund, or terms that may be negotiated in any side-letter arrangement, in general: (i) no investor in a Fund has a right to participate in any co-investment opportunity; (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its affiliates or other participants in the applicable transactions, such as co-sponsors; (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser and its affiliates; (iv) certain persons other than investors in the Funds (e.g., third parties) may be offered co-investment opportunities, in the sole discretion of the Adviser and its affiliates and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). In addition, in exercising the Adviser's discretion to decide how to allocate investment opportunities among its Funds and related vehicles (including co-investment opportunities), the Adviser may consider some or all of a wide range of factors including, without limitation, the potential co-investor's previously stated desire to co-invest, its ability to add value to the particular

portfolio company, and the perceived ability to efficiently diligence and close on the co-investment opportunity.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as cosponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' organizational documents/side letter agreements and as set forth herein.

Any intra-Fund allocations will be done in accordance with the organizational documents for such entities, and these allocations are generally expected to be made on a pro rata basis.

The appropriate allocation between Funds of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith judgment.

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to the applicable organizational documents, the Adviser may charge (or may decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

In addition, a potential conflict may arise between limited partners of a Fund in the event that a limited partner requests to transfer its interest in a Fund in a secondary transaction. Subject to any restrictions in the organizational documents of the applicable Fund, or terms that may be negotiated in any side-letter arrangement, to the extent Leeds Equity has discretion over a secondary transfer of interests in a Leeds Equity Fund, or if Leeds Equity is asked to identify Leeds Equity Fund investors or third parties that could potentially acquire an interest being transferred, Leeds Equity may consider the factors listed above with respect to allocation of co-investment opportunities in exercising such discretion or making such identification.

*Side Letter Agreements.* The Adviser may enter into certain side letter arrangements with 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. In general, no investor has any rights under the side letters of other investors.

#### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Leeds Equity has established a Code of Ethics policy for its employees in accordance with Rule 204A-1 under the Investment Advisors Act of 1940. The Code of Ethics sets forth the duty of Leeds Equity to act solely in the best interests of the Funds. The Code of Ethics requires the employees of Leeds Equity adhere to certain general principals of business conduct, including avoiding activities that could interfere with fiduciary obligations Leeds Equity owes to its Funds. The policy sets the standard of conduct and fiduciary

duty of its employees and sets forth limits on personal trading by employees and their immediate family/household members. An Insider Trading Policy has been adopted in an effort to prevent the misuse of material, nonpublic information by Leeds employees.

The Code of Ethics also contains provisions related to the reporting and enforcing of potential violations of the Code of Ethics. Each Leeds Equity employee is required to seek the prior written approval of the Chief Compliance Officer before purchasing or selling any security issued by a company in the Knowledge Industries (with limited exceptions) or issued in an initial public offering or a private placement. In addition, each Leeds Equity employee is required to make available for review all securities transactions on a quarterly basis and report all securities holdings on an annual basis (with limited exceptions). Finally, each Leeds Equity employee is required to acknowledge that he or she received, read and understands the Code of Ethics upon his or her hiring and annually. Leeds Equity's clients or prospective clients may request a copy of the Code of Ethics by contacting the Leeds Equity Compliance department.

## **Item 12 – Brokerage Practices**

As Leeds Equity primarily invests in private companies, the Firm does not generally use the services of broker-dealers for transaction related services. In the event that Leeds employs a broker-dealer, Leeds Equity selects brokers based on a number of factors, including but not limited to, the size and type of transaction, the markets for securities to be purchased or sold, execution, efficiency, settlement capability, financial condition or the broker-dealer, the quality of the broker-dealer's portfolio execution on a continuing basis and the reasonableness of commissions.

Leeds will always attempt to achieve best execution for its Funds, and will evaluate each transaction to ensure that the execution price is in line with, or exceeds that of the current market. The lowest possible commission cost is not necessarily sought in that it may not result in the best quality execution of transactions effected for the Funds.

It is Leeds's policy to not enter into any soft dollar arrangements. Leeds may, however, receive proprietary research and certain other limited benefits from broker-dealers as an incident of doing business with such broker-dealers, but only where (i) there is no arrangement to direct a specific amount of Leeds's commission business to such broker-dealers in exchange for such items and (ii) Leeds does not "pay up" for such items in the form of higher commissions on client trades. Leeds does not have any formal or informal soft dollar arrangements by which it received research or brokerage products or services.

## **Item 13 – Review of Accounts**

### **Oversight and Monitoring**

The portfolio investments of each Leeds Equity Fund are monitored continuously by deal teams which consist of a number of senior and junior level Leeds Equity investment professionals (who are active throughout the investment lifecycle from sourcing through exit). These Leeds Equity investment professionals engage in ongoing dialogues with key management level employees of each portfolio company to discuss ongoing performance as well as address any performance issues or concerns. In

addition, Leeds Equity Fund portfolio companies prepare detailed monthly financial statements and reports which include covenant and performance vs. budget calculations, among others.

### **Reporting**

Limited partners in Leeds Equity Funds receive a copy of audited financial statements of the relevant Leeds Equity Fund within 120 days of such Fund's fiscal year end. Additionally, limited partners receive quarterly unaudited financial statements as well as high-level information on each portfolio company including cost, fair value, ownership percentage and capital account statements, among others, following the end of each quarter, as agreed to in each Fund's Partnership Agreement. Investors may also receive reporting updates through letters, scheduled individual meetings, annual meetings and other communications from the Adviser.

### **Item 14 – Client Referrals and Other Compensation**

Leeds Equity may compensate a placement agent in connection with referrals that result in a potential investor becoming a limited partner in a Leeds Equity Partners Fund. Any fees payable to the placement agent will be borne by Leeds Equity directly or indirectly through an offset against the management fee.

### **Item 15 – Custody**

Leeds Equity's compliance with the Advisers Act Rule 206(4)-2 (or "Custody Rule") is dependent upon (i) distributing annual financial statements of each Fund audited by an independent public accountant on a timely basis each year (except where unforeseeable circumstances hinder such distribution) and (ii) causing each Fund's assets to be maintained by a qualified custodian (subject to limited exceptions permitted under the custody rule).

### **Item 16 – Investment Discretion**

Pursuant to its Advisory Agreement with each Fund, Leeds Equity provides investment advisory services to each of the Leeds Equity Funds and their respective General Partners, subject to all applicable investment criteria or other restrictions and limitations set forth in the Partnership Agreements or other organizational documents of the Funds. The investment advisory services are subject to the direction and control of the General Partner of the particular Leeds Equity Fund.

### **Item 17 – Voting Client Securities**

Leeds' Proxy Voting Policy is designed to ensure that Leeds votes proxies and shareholder consents in the best interest of the Leeds Equity Funds for which it has voting authority and describes how Leeds addresses material conflicts between its interest and those of the Funds. Leeds aims to be an active investor on behalf of the Leeds Equity Funds, which are typically represented on the boards of portfolio companies. Because

of this active role, it is Leeds' practice to review and vote on proxy and shareholder consent matters on a case-by-case basis.

Specifically, it is Leeds' policy to (i) stay apprised of developments that affect the portfolio companies in which the Funds invest, (ii) carefully review matters submitted to the Funds for a vote as holders of portfolio company securities and (iii) vote on those matters on a case-by-case basis in a manner that Leeds believes is in the best interest of the applicable Funds.

In the case of a potential conflict of interest, the Partner responsible for that particular investment will inform and seek the guidance of the Chief Compliance Officer. In the rare instance where a conflict of interest exists and is not able to be resolved by the responsible Partner, Leeds may abstain from voting that particular proxy or shareholder consent.

A detailed summary of Leeds Equity's proxy voting policies and procedures are available to limited partners and prospective limited partners during the investment due diligence process, a copy of which may be obtained by contacting Leeds Equity's Compliance Department. Upon request, Clients may obtain copies of relevant proxy logs as well as information on how proxies were voted in connection with a Leeds Equity Fund.

#### **Item 18 – Financial Information**

Form ADV Part 2 Requires investment advisers such as Leeds Equity to disclose any financial condition reasonably likely to impair Leeds Equity's ability to meet contractual commitments to clients. Leeds Equity has no information to report that is applicable to this item.

#### **Item 19 – Requirements for State-Registered Advisers**

This item is not applicable to the Adviser.