

**TACP Manager LLC**  
**And, its relying advisers,**  
**TACP Claire's Manager LLC**  
**TriArtisan Capital Management LLC**

**Client Brochure**

445 Hamilton Avenue, Suite 1102  
White Plains, NY 10601

March 28, 2019

This Brochure provides information about the qualifications and business practices of TACP Manager LLC ("**TACP**"), TACP Claire's Manager LLC ("**TACP Claire's**") and TriArtisan Capital Management LLC ("**TACM**"). If you have any questions about the contents of this Brochure, please contact us at 914-607-6960.

TACP, TACP Claire's and TACM are registered investment advisers under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). TACP filed an umbrella registration statement with the U.S. Securities and Exchange Commission ("**SEC**") on behalf of itself, TACP Claire's and TACM and therefore are subject to the Advisers Act rules and regulations adopted by the SEC. Registration as an investment adviser does not imply any particular level of skill or training.

Additional information about TACP, TACP Claire's and TACM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) under TACP Manager LLC, IARD number 162892.

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

## **Item 2: Material Changes**

This Brochure dated March 26, 2019 has been prepared in accordance with rules adopted by the SEC. This Brochure will be updated at least annually. We may further provide ongoing disclosure information about material changes as necessary.

The following material changes have been made to this Brochure since the last annual update completed in March 2018:

As of 12/31/2018 TACP Manager LLC ("**TACP**") and its relying adviser and subsidiary TACP Claire's Manager LLC ("**TACP Claire's**") are no longer eligible to remain registered as investment advisers with the U.S. Securities and Exchange Commission ("**SEC**"). TriArtisan Capital Management LLC ("**TACM**"), also a relying adviser of TACP continues to be eligible to remain registered as an investment adviser with the SEC. In order to maintain its registration as an investment advisor with the SEC, TACM intends to file its own registration statement with the SEC. Once TACM's registration as an investment adviser is declared effective by the SEC, TACP and TACP Claire's will file an ADV-W and withdraw their registration from the SEC. In the event TACP Claire's has not fully returned all remaining cash held by its private fund client to its limited partners, TACP Claire's may maintain its registration with the SEC as a "relying adviser" of TACM and shall be added to Schedule R of TACM's Form ADV Part 1A.

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## **Item 4: Advisory Business**

### **A. Description of the Firm**

TACP Manager LLC ("**TACP**"), a Delaware limited liability company formed in 2006 is owned and controlled by Rohit Manocha and Gerald H. Cromack II. TACP Claire's Manager LLC ("**TACP Claire's**"), a relying advisor of TACP, is a subsidiary of TACP and also controlled by Messrs. Manocha and Cromack. TriArtisan Capital Management LLC ("**TACM**"), also a relying advisor of TACP, is a wholly owned subsidiary of TriArtisan Holdings Inc. ("**Holdings**"), which is a wholly owned subsidiary of Morgan Joseph TriArtisan Group Inc. ("**MJT Group**"). TACP Claire's and TACM are both identified as relying advisors of TACP in Items 4 and 10 hereof, as well as Schedule R of TACP's ADV Part 1 (when relevant, TACP, TACP Claire's and TACM are collectively referred to herein as the "**Firm**").

MJT Group was formed in 2010 from the merger of Morgan Joseph Holdings Inc. and Tri-Artisan Capital Partners LLC, which were formed in 2001 and 2002, respectively.<sup>1</sup> MJT Group's ownership is spread over about 140 persons and entities (64 of whom own shares with voting rights). Mr. Manocha controls just over 16.8% of the voting rights of MJT Group and Mr. Cromack controls 14.7% of the voting rights of MJT Group. Messrs. Manocha and Cromack are both members of MJT Group's Board of Directors and have been delegated decision-making authority concerning the acquisition or disposition of investments by TACM on behalf of Holdings.

As of December 31, 2018, the private fund for which TACP served as managing member/investment advisor was liquidated and all remaining assets were returned to the client's limited partners. Consequently, TACP is no longer eligible to be registered as an investment advisor with the SEC and intends to withdraw its registration within the prescribed one hundred and eighty (180) day time period following its fiscal year end. TACP Claire's is also no longer eligible to remain registered as an investment adviser with the SEC because its regulatory assets under management as of December 31, 2018 consisted of a nominal cash receivable. TACM is eligible to remain registered as an investment adviser and intends to file its own registration statement with the SEC. Once TACM's registration as a stand-alone investment adviser is declared effective by the SEC, TACP and TACP Claire's will file an ADV-W and withdraw their registration from the SEC. In the event TACP Claire's has not received the nominal outstanding cash receivable and distributed the cash to its limited partners before June 30, 2019, TACP Claire's may elect to maintain its registration with the SEC as a "relying adviser" of TACM and will be added to Schedule R of TACM's Form ADV Part 1A.

### **B. Types of Advisory Services**

The Firm serves as the managing member or co-managing member of various private funds created as special purpose limited liability companies (each an "**LLC**" or the "**LLCs**") each of which is formed to invest (directly in or via an intermediary entity) or participate in the acquisition of, or investment in, a single specific public or private, foreign or domestic, company (the "**Company**"). Unlike open and closed-end mutual funds that are registered with the SEC under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), the LLCs are not registered as investment companies with the SEC and are therefore not subject to various provisions of the Investment Company Act. Also, shares or interests in the LLCs are not registered for sale under the Securities Act of 1933 and are instead held by qualified members who meet certain criteria on a private placement basis in "closed" offerings.

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<sup>1</sup> TriArtisan Capital Partners LLC was dissolved in 2017.

For a list of the LLCs for which the Firm acts as general partner or managing member, please reference Section 7.B.(1) and (2) of Schedule D of Part 1 to the Firm's Form ADV which is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Firm does not intend to advise any new investment advisory clients or LLCs and is not seeking new investments for its LLCs. Moreover, the Firm will conclude its investment advisory activities once all of the underlying investments held by the Firm's LLCs have been realized. Notwithstanding the foregoing, client investors in certain LLCs may be given the opportunity to make additional capital contributions to their existing investment in the relevant Company.

### Investments and Risks

For each LLC and the Company in which it is investing, an investment thesis is developed and a level of due diligence deemed appropriate for that investment is undertaken. The investment thesis and financial highlights of the target business are presented to potential participants, each of whom makes their own independent decision to accept the inherent risks and become a member of the LLC and to what extent. Events subsequent to the formation of the LLC and its investment may require the modification of the investment thesis and the decisions resulting therefrom. The time horizon to a liquidity event can become quite lengthy.

Investments in a Company by one of these LLCs are usually leveraged through the use of various debt or preferred instruments by the Company. The LLC interests are illiquid and non-diversified, and, thus, only suitable for member interests from institutional or accredited investors able to assess such investments and risks for themselves and to assume substantial risk up to and including the loss of the entire investment. Members of the LLC do not have the right to withdraw from the LLC at their discretion nor do they have the right to sell or transfer their interests.

The objective of each LLC is to monitor and give strategic direction to the Company's senior management for some period of time until the Company can be sold, restructured, and/or taken public. Purchasers of irrevocable member interests in the LLC may receive returns in the form of dividends, return of capital, cash and/or securities proceeds of a sale, or distributions of shares in the Company, for which there may or may not be a public market. In light of the significant risks associated with each LLC, there can be no assurances that member interests will receive any returns and/or in any specified time frame.

In various cases where the LLC has invested in conjunction with other investors or investment funds, the LLC may not own a controlling interest in the Company. This may result in the LLC either being forced to exit the investment at a time or manner not of its own choosing or not being able to liquidate its investment at a time or manner of its choosing. The members' interests in the LLCs are held in book entry form by the LLC. The LLC's interest in the Company or an intermediary entity is typically held in book entry form by the issuing entity.

### **C. Client Tailored Services and Client Tailored Restrictions**

The Firm enters into investment management agreements with each LLC and/or its members. Services are performed in accordance with the terms of each investment management agreement. Each LLC may impose additional investment restrictions or guidelines that correspond to the LLC's particular investment objective, goal and strategy. Such investment restrictions and/or guidelines are typically described in the

LLC agreement or offering documents (“**Offering Documents**”) for each LLC. Each member of the LLC makes his or her own informed independent decision to invest in the LLC. The Firm, by virtue of serving as the managing member of the LLC, has the discretion to make decisions for the LLC. These decisions involve input into the strategy of the Company in which the LLC is invested, its capitalization planning, refinancing decisions, dividend declarations, proxy voting, and the timing and disposition of the investment.

#### **D. Wrap Programs**

The Firm does not sponsor or participate in any Wrap Programs.

#### **E. Assets Under Management**

As of January 1, 2019, the Firm had approximately \$231,527,000 in discretionary net assets under management.<sup>2</sup> The Firm has full discretion and authority to act for the LLC and its members. These numbers are based on estimated and unaudited information as of such date and are therefore subject to change. The Firm does not currently manage any non-discretionary client assets.

### **Item 5: Fees and Compensation**

#### **A. Fee Schedule**

##### **Management and Other Fees**

Pursuant to a non-cancellable investment management agreement, the Firm typically receives an annual management fee (payable quarterly in advance) of 1% of the amount of invested capital from each LLC member plus a performance fee allocation of 10% of the profits when, as, and if realized from the investment up to a certain target IRR (internal rate of return,) with higher incentive payments above that target. For some LLCs, if capital is returned during the course of a year, a pro-rata portion of the related management fee will also be returned. Fees for each LLC and their term are described in detail in each LLC’s subscription documents or LLC agreement. At the Firm’s discretion, fees may be waived for members who are employees or investors in affiliates of the Firm. See Item 11.C, regarding employee investments in TACM products. Substantial institutional members may be able to negotiate other terms.

In addition, the Firm may earn management, consulting, directors, and/or investment banking fees from the LLC or the Company. Other than its interest (via performance fees) in the ultimate profitability of the members’ interests in the LLC, the Firm does not usually have a capital investment in the LLC.

Pursuant to the Firm’s investment management agreement with each LLC, the Firm will receive an annual management fee that customarily is based on the net contributed capital of each member’s account in the LLC. Such fees may be paid monthly or quarterly in advance, depending on the particular requirements of each LLC. Management fees may also be calculated based on aggregate net capital of certain members in an LLC. Certain LLCs also offer “breakpoints” for fees based on net investment amounts held in a

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<sup>2</sup> As of 12/31/2018 the discretionary regulatory assets under management for TACP Claire’s was \$1,560 and the discretionary regulatory assets under management for TACP was \$0. Neither TACP or TACP Claire’s is eligible to remain registered as an investment adviser with the SEC and both intend to withdraw their registration within 180 days of their fiscal year end.

member's capital account; such breakpoints generally permit the Firm to charge lower fees for higher net investment amounts held in a capital account, and higher fees for smaller accounts. For these purposes, a net investment amount is generally calculated based on a member's contributions, withdrawals, and distributions and is not based on capital appreciation or depreciation in an account.

Certain LLCs may permit the Firm to receive performance-based fees or allocations based on the net capital appreciation (*i.e.* capital appreciation less capital depreciation) of each member's account in such funds. For certain LLCs, the performance-based fee or allocation is payable only if, and to the extent that, the net capital appreciation of the member's account exceeds any net capital depreciation accumulated in the prior performance period (as adjusted for withdrawals of capital). The performance allocation to the Firm may be dependent upon certain threshold rates of return or multiples of invested capital. See Item 5.B. The capital account of the Firm, as general partner or managing member of each LLC, is not included when calculating any such fees or compensation. Performance fees may be up to 25% of realized capital gains, though an LLC may require a higher or lower fee allocation. Depending on the terms of the LLC, the Firm may retain discretion to, waive, rebate, or calculate differently the performance based fee as to all or any of the members in an LLC or agree with a member to waive or alter the performance fee distribution as to that member.

Members should see Item 5.B below and refer to the applicable Offering Documents or LLC agreements for more details related to calculation and payment of fees.

## **B. Payment Method**

### ***Calculation and Payment of Fees:***

**Management Fees** are calculated as a percentage of the LLC member's capital account as of an anniversary or as specified in the LLC agreement or member's side letter. The annual fee amount is invoiced in quarterly installments in advance and is paid directly by the member to the Firm.

**Performance Fees** are calculated at the time that funds are to be distributed to the members of an LLC according to the methodology described in the LLC agreement or member's side letter. Any Performance Fee due to the Firm is deducted from the amount to be distributed to the member and reallocated to the Firm's capital account prior to the distribution to the member.

Internal Rate of Return (IRR) calculations constitute determining that single, uniform, time weighted annualized compound interest rate that appreciates the initial capital contribution and all subsequent contributions or distributions to arrive at the final value of the member's capital account, allowing for the time intervals between the initial contribution, each capital event, and the final value. The IRR calculation is an iterative one performed by a calculator or computer to determine that time weighted annualized compound interest rate that best fits the amount and timing of the capital events.

When the Firm's performance fee is based upon a percentage of the member's gain (Manager's Allocation) that is in excess of an agreed IRR (the "**Hurdle Rate**"), the calculation is performed as follows:

- First the member's Total Gain in dollars is determined by summing all of the distributions made to the member (including the final proposed distribution) less the sum of all of the member's capital contributions.



- Next, the IRR calculation is provided with the dates and amounts of all of the member's capital contributions and distributions except for the final distribution amount, the Hurdle Rate is entered and the IRR calculation is asked to determine the final distribution amount that will satisfy the Hurdle Rate to the date of the final distribution. The calculation returns the amount of the final distribution that satisfies the agreed upon Hurdle Rate.
- Then the Manager's Allocation as a percentage is applied to the amount of Total Gain that is in excess of the net sum of the member's contributions and distributions that would satisfy the Hurdle Rate. That Manager's Allocation amount is allocated to the manager and the balance to the member.

### **C. Other Fees and Expenses**

In addition to the investment management fee paid to the Firm, members may pay other fees and expenses associated with their accounts and investments as disclosed in the LLC agreements.

The LLC agreements also specify the nature of the fees and expenses to be borne by the Company, the LLC or its members during its founding and over the course of its life. These fees and expenses may include legal, tax preparation, registration, administration, bookkeeping, audit, bank fees, investment banking, brokerage, and/or consulting services. Members of the LLCs may be separately invoiced for their proportionate share of such expenses or such expenses may be advanced by the Firm and deducted from a member's distributions.

Under certain circumstances, a Company may hire Cowen and Company LLC, a registered broker-dealer specializing in investment banking services, to assist it with recapitalization concepts and other related banking activities, either before or after the acquisition of a Company by an LLC. Although the Firm is not an affiliate of Cowen and Company LLC or its parent company, Cowen Inc. ("**Cowen**"), Mr. Cromack and Mr. Manocha are both employees of Cowen and registered representatives of Cowen and Company, LLC. In addition, the Firm has engaged Cowen Investment Management LLC, also a wholly owned subsidiary of Cowen and a SEC registered investment adviser, to provide certain support services to the Firm. Due to the fee-paying arrangements described above (some of which may be deemed to be significant), there is the potential for conflicting interests between the Firm, its principals and the LLCs. The Firm endeavors to resolve these conflicts in the best interests of its LLC and will disclose all known fees to its LLCs and their members.

### **D. Prepayment of Fees and Refunds**

As described in item 5.B, Management Fees are invoiced quarterly in advance.

If so provided in the investment management agreement, where the Management Fee is based upon the member's contributed capital account and a return of capital distribution occurs during a quarter, the Management Fee applicable for the balance of the quarter will be calculated on a pro-rata basis, the amount of excess prepaid fee determined, and that balance will be returned to the member. The next quarterly fee invoice will be based upon the reduced level of the member's capital account.

When an LLC is wound up or dissolved, a pro-rata calculation of any Management Fee that was paid for that quarter will be determined and any unearned portion of any pre-paid Management Fee will be returned to the member.

## **E. Sales Compensation**

The Firm intends to conclude its investment advisory activities once all of the underlying investments held by the LLCs have been realized and thus will not be forming any new LLCs or soliciting new members for the Firm's existing LLCs. As noted above, TACP and TACP Claire's are no longer eligible to remain registered as investment advisors with the SEC and intend to withdraw their registration. TACM continues to be eligible for registration as an investment adviser and intends to file its own registration statement with the SEC. Once TACM's registration as an investment adviser is declared effective by the SEC, TACP and TACP Claire's will file an ADV-W and withdraw their registration from the SEC. In the event TACP Claire's has not received the nominal outstanding cash receivable and distributed the cash to its limited partners before June 30, 2019, TACP Claire's may elect to maintain its registration with the SEC as a "relying adviser" of TACM and will be added to Schedule R of TACM's Form ADV Part 1A. The Firm does not directly compensate its personnel for soliciting investors. Messrs. Cromack and Manocha receive discretionary incentive compensation reflecting the Firm's and Holdings' revenues and profitability from business activities with which they have been involved. See Item 14.B for third party compensation.

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

#### **A. Performance Fees**

Performance Fees are fees that are based on a share of the capital gains or capital appreciation of the assets of an LLC. Examples of Performance Fees include but are not necessarily limited to:

- an incentive allocation to the managing member where the allocation is calculated as a percentage of the realized gains in a member's capital account in an LLC, sometimes referred to as incentive allocation or carried interest
- hurdle rates -- where a manager does not get allocated a performance fee until the member's gain exceeds a benchmark rate, such as a fixed percentage
- in certain cases, the incentive allocation to the managing member is only earned based upon the IRR in the member's account exceeding a defined percentage

See Item 5.A. and Item 5.B. for further information on performance fees and allocations.

Incentive fees or allocations applicable to members of certain LLCs are described in that entity's LLC agreement.

One of the risks to advisory clients and LLC members emanates from the conflict that can arise between the interests of the investment advisor and the interests of the LLC members as a result of a performance fee. Since an investment advisor's greatest potential for gain lies in its profit allocation from a performance fee, the investment advisor has an incentive to seek the greatest value it believes that it can achieve in the disposition of the advisory clients or its assets. For the most part, this incentive is consistent with the interests of the LLC members. However, it can be perceived that the manager could decide to pass up a potential liquidity event that would not result in a performance fee allocation in the hopes that, with the additional passage of time and events, the future may bring a result that affords a better performance fee. The risk to the LLC members is that the timing of a liquidity event is significantly deferred and/or the ultimate result is not as financially attractive or beneficial as the bypassed opportunity. As

members of the LLC who do not incur performance fees, the employee members who constitute the senior management of the Firm could likewise have personal liquidity, compensation, and/or tax reasons to influence decisions regarding a liquidity event or its timing. LLC members have little or no input into the timing or nature of liquidity events, which can result in a liquidity event's occurrence at a time that is less than optimal for the LLC member.

## **B. Side-By-Side Management**

In certain cases, the Firm may permit an institutional investor to negotiate an investment in the Company in parallel with the LLC or at a different point in the capital structure under terms and/or compensation arrangements that may be different than those of the LLC members.

If the interests of one client or investor are to take precedent over those of another, that will be disclosed in the management agreements of all affected clients or investors to whom we owe a fiduciary duty and whether it is on a discretionary or non-discretionary basis.

If a member of the Firm sits on a Company's Board of Directors that Director may have to deal with conflicts among the clients whose interests we manage. The Director is required to discuss the conflicting issue with the Firm's principals and the Chief Compliance Officer to ensure that it acts in a manner consistent with its fiduciary obligations to its clients and the Company.

Within the structure of an LLC and the Company in which it is invested, a situation can arise where the Firm receives management fees and incentive fees from participants at different levels of the capital structure while members of the Firm are also participants in a level of the equity and we have one or more employees serving on the Company's Board of Directors. For those Board members, there can arise situations involving dividend declarations, liquidity events, recapitalizations, and dispositions, *etc.* in which the best interests of participants at different levels of the capital structure are not perfectly aligned. The Firm's member(s) will act in the best interests of the common (or equivalent) shareholders seeking to maximize shareholder value through disposition of their interests.

## **Item 7: Types of Clients**

As noted above, TACP and TACP Claire's are no longer eligible to remain registered as investment advisors with the SEC and intend to withdraw their registration. TACM continues to be eligible for registration as an investment adviser and intends to file its own registration statement with the SEC. Once TACM's registration as an investment adviser is declared effective by the SEC, TACP and TACP Claire's will file an ADV-W and withdraw their registration from the SEC. In the event TACP Claire's has not received the nominal outstanding cash receivable and distributed the cash to its limited partners before June 30, 2019, TACP Claire's may elect to maintain its registration with the SEC as a "relying adviser" of TACM and will be added to Schedule R of TACM's Form ADV Part 1A.

The Firm's clients are the LLCs, which are pooled investment vehicles/private funds. Members of the LLCs must be "accredited investors" under Regulation D under the Securities Act of 1933, "qualified purchasers," or "knowledgeable employees" as such terms are defined in the Investment Company Act. For those LLCs which charge a performance fee or incentive allocation, members subject to the performance fee must also be eligible to enter into a performance arrangement under the Advisers Act.

Members of the LLCs may include high net worth individuals, trusts, pensions, foundations, corporate entities, and/or other foreign or domestic public or private funds.

The minimum investment required by a member in an LLC typically ranges from \$100,000 to \$500,000, though the amount could be more or less, depending on the requirements of the relevant LLC. Investment minimums are generally subject to waiver by the Firm.

Members should review the Offering Documents, Subscription Documents, or LLC Operating Agreement for the relevant LLC for further information with respect to minimum requirements for investment.

As noted above, the Firm does not intend to advise any new investment advisory clients or LLCs and is not seeking new investments for its LLCs. Moreover, TACP Claire's and TACM will conclude their investment advisory activities once all of the underlying investments held by their respective LLCs have been realized and capital returned to limited partners. Notwithstanding the foregoing, client investors in certain LLCs may be given the opportunity to make additional capital contributions to their existing investment in the relevant Company.

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

### **A. Methods of Analysis**

The Firm's investment team employs investment processes that incorporate various methods of securities analysis, often including one or more of the following: cyclical, fundamental, technical, macro-economic and quantitative/investment modeling. The Firm's sources of information include financial newspapers, magazines, websites, trade journals, inspections of corporate activities, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, corporate rating services, internal and third-party research reports and meetings, company presentations and/or interviews, internal or external assessments, including assessments of general or specific world events, and other sources of material deemed appropriate, as well as non-public information provided by the company pursuant to a non-disclosure agreement. (If the company is publicly traded, the Firm may be restricted in its ability to transact in this security as long as such information remains non-public.) From among these sources, the investment thesis for an LLC and the Company in which it is invested is developed.

No method of securities analysis can guarantee a particular investment result or outcome and the use of investment tools cannot and does not guarantee investment performance. The methods of analysis utilized by the Firm involve the inherent risk that any valuations, pricing inefficiencies, or other opportunities identified may not materialize or have the anticipated impact on the Company's results or the price of a security. Prices of securities may rise, decline, underperform or outperform regardless of the method of analysis used to identify securities. Each method of analysis relies in varying degrees on information furnished from third-party and publicly available sources. This presents the risk that methods of analysis may be compromised by inaccurate, incomplete, false, biased or misleading information. Security prices may be impacted by various factors independent of the methodology used to select securities. For example, a security price may be influenced by the overall movement of the market, rather than any specific company or economic factors. In addition, certain methods of analysis, such as the use of quantitative/investment models, involve the use of mathematical models that are based upon various assumptions. Assumptions used for modeling purposes may prove incorrect, unreasonable or incomplete.

### **B. Investment Strategies**

The strategies for LLCs involve proprietary single-company private investment vehicles. See Item 4.B.

The following is a summary of the inherent material risks associated with investing in these single-company private funds. Members of the LLCs should carefully review the Offering Documents and other offering memoranda and documentation for further information on the risks associated with investing in a particular LLC.

- **Leveraged and Speculative Investments.** An investment in private funds is speculative and involves a high degree of risk. The Companies in which the LLCs invest are typically leveraged. Leveraging may increase risk.
- **Limited Liquidity.** There are limited channels in the secondary market through which members can attempt to sell and/or purchase interests in private funds. A member's ability to transact business in the secondary market is subject to restrictions on transferring interests in private funds, and the LLCs do not give members any right of redemption. Thus, an investment in private funds should be regarded as illiquid, and there may be little or no near-term cash flow available to members. Likewise, an LLC member may not receive any distributions representing the return of capital on an illiquid security for an indefinite period of time.
- **Concentration of Investments.** A strategy that invests all of its assets in any one issuer could increase the risk of loss and volatility, because the value of issuer holdings would be more susceptible to adverse events affecting that issuer.
- **Absence of Regulatory Oversight.** Private funds are not required to be registered under the Investment Company Act; therefore, private funds are not subject to the same regulatory requirements as mutual funds.
- **Dependence upon Investment Manager.** The general partner, managing member, or manager of a private fund normally has total authority over its respective LLC. There is a situation where the Firm is the investment manager of more than one LLC invested in the same Company, which could result in a scenario where the interests of the members of the relevant LLCs are not aligned. The employees who constitute the management of the Firm could have personal liquidity, compensation, and/or tax reasons to influence decisions regarding a liquidity event or its timing.
- **Dependence upon Key Personnel.** The ability to carry out the investment strategy may be dependent upon the continued efforts of key personnel at the manager and at the Company.
- **Fees and Expenses.** Private funds often incur high fees; such fees, expenses, and performance fees may reduce investment profits.
- **Complex Tax Structures.** Private funds may involve complex tax structures and delays in distributing important tax information.
- **Limited Reporting.** While private funds generally may provide periodic performance reports and annual audited financial statements, they are not otherwise required to provide periodic pricing, valuation, or other financial information about the LLC or the Company to members.
- **Business and Regulatory Risks of Private Funds.** Legal, tax and regulatory changes could occur

during the term of a private fund that may adversely affect the LLC or its manager.

- **Minority Interests:** In certain cases, where the LLC has invested in conjunction with other investors or investment funds, the LLC may not own a controlling interest in the Company. This may result in the LLC either being forced to exit the investment at a time or in a manner not of its own choosing or not being able to liquefy its investment at a time or manner of its choosing.
- **Risk of Loss.** Members should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the LLCs, which members should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of an LLC's member's investment will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for the LLCs and the Company will be subject to various market, liquidity, currency, economic, political, and other risks, and will not necessarily be profitable and may lose value. It is possible that the Company cannot be sold. Past performance of other LLCs is not indicative of future performance.
- **Investment Strategy and Company Management Risk.** There can be no assurance that an investment strategy will produce an intended result, which would result in losses to a member, including, potentially, a complete loss of principal. The performance of a strategy depends on the skill of the Firm and the Company management in making appropriate corporate decisions in the environment in which the Company operates. Events subsequent to the formation of the LLC and its investment may require the modification of the investment thesis, Company operations, and the decisions resulting therefrom. The time horizon to a liquidity event can become quite lengthy.

In addition to the risks listed here, there may be additional material risks associated with the specific LLC in which members invest. Members should refer to the LLC agreement, the subscription agreement, or other applicable offering documents of the particular LLC for a discussion of applicable risk factors for that particular investment.

- **Cybersecurity and Electronic Systems Risk.** Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The Firm may rely upon information and technology systems to conduct its business. Such systems might, in some circumstances, be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. Cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality, or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect the Firm's LLCs. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which the Firm's LLCs invest, harm the Firm's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

***Investments in securities and other financial instruments involve risk of loss, including total loss, which members must be prepared to bear.***

**Item 9: Disciplinary Information**

The Firm does not believe it has any legal or disciplinary events that are material to a client's evaluation of the Firm's advisory business or the integrity of the Firm's management.

**Item 10: Other Financial Industry Activities and Affiliations**

**A. Registration as a Broker-Dealer or Registered Representative**

As previously noted in Item 5.C., both Mr. Cromack and Mr. Manocha are employees of Cowen and are registered representatives of Cowen's wholly owned, broker-dealer subsidiary, Cowen & Company, LLC (CRD # 7616).

**B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person**

None.

**C. Material Relationships**

The Firm currently has certain relationships or arrangements with related persons that are material to its advisory business or its clients. Below is a discussion of such relationships/ arrangements and conflicts that arise from them.

**1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**

Cowen and Company, LLC, the affiliated broker-dealer of Cowen, may be engaged for compensation to provide investment banking services by a Company in which an LLC is invested (including, but not limited to underwriting, advisory, broker-dealer, placement, or investment banking services to the Company, either before or after the LLC's acquisition of an interest in the Company). Cowen and Company, LLC, with whom Mr. Cromack and Mr. Manocha also act as registered representatives, may be employed by a Company's Board of Directors to perform advisory, capital raising, or other transactional services for the Company at a negotiated rate of compensation. Such engagements may or may not be awarded in competition with other investment banks. Cowen and Company, LLC may also provide investment banking services for other companies, public or private, whose business activities may be deemed to conflict with or compete with the business of a Company in which an LLC is invested. As previously noted, Mr. Cromack and Mr. Manocha are employees of Cowen, the parent company of Cowen and Company, LLC.

In the event Cowen and Company, LLC is engaged for compensation to provide investment banking services as described above, there is the potential for conflicting interests between the Firm, its principals (who are also registered representatives of Cowen and Company, LLC) and the LLCs. The Firm endeavors to resolve these conflicts in the best interests of its LLC and will disclose

all known fees to its LLCs and their members. Moreover, the Firm and Cowen and Company, LLC have established policies and procedures reasonably designed to prevent the misuse by the Firm, Cowen and Company, LLC, and its personnel of material information regarding issuers of securities that have not been publicly disseminated.

## **2. Investment Company or other pooled investment vehicle**

The private funds managed by the Firm are listed in Section 7.B on Schedule D in Part I of the Firm's Form ADV as filed with the SEC. The Firm may serve as manager of LLCs that are invested in Companies which may be in similar businesses and/or deemed to be in competition with each other. If a member of our management team sits on the Board of Directors of Companies who may be deemed to be in competition, it will be disclosed to each of the affected Companies.

Neither the Firm nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular LLC. Because the Firm may receive a performance fee in connection with its management of a particular LLC, the Firm may be incentivized to devote a disproportionate amount of time and resources to that LLC and its Company at the expense of other LLCs that are only charged a management fee. The Firm and its related persons intend to devote as much time as they deem necessary for the management of each LLC.

## **3. Other investment adviser or financial planner**

The Firm is a co-manager with an unrelated investment adviser for two of its private funds which are invested in the same Company as listed in Section 7.B on Schedule D in Part I of the Firm's Form ADV as filed with the SEC.

Mr. Cromack and Mr. Manocha also act as portfolio managers for TriArtisan Capital Advisors LLC, an investment adviser that relies upon the registration of its affiliate, Cowen Investment Management LLC, a registered investment adviser with the SEC. TriArtisan Capital Advisors LLC and Cowen Investment Management LLC are also wholly owned subsidiaries of Cowen and affiliates of Cowen and Company, LLC.

As previously noted, the Firm is no longer seeking new LLCs or pursuing new investment opportunities on behalf of its existing LLCs. Notwithstanding the foregoing, client investors in certain LLCs may be given the opportunity to make additional capital contributions to an existing investment in the relevant Company. Both the Firm and TriArtisan Capital Advisors LLC have established policies and procedures reasonably designed to prevent the misuse of material information regarding issuers of securities that have not been publicly disseminated. The role of Mr. Cromack and Mr. Manocha at Cowen and TriArtisan Capital Advisors LLC has been classified by the Firm as an "outside business activity" which it does not believe creates any material conflict of interest relating to the appropriate allocation of investment opportunities or the devotion of time necessary to effectively manage the LLCs.

The Firm has entered into a services agreement with Cowen Investment Management LLC, which provides certain support services to the Firm and the LLCs including certain administrative and accounting services, compliance advice, IT infrastructure and services, BCP, tax support, and valuation assistance (the "**Services**"). As compensation for the Services provided, the Firm shall pay Cowen Investment Management LLC a Services Fee that shall accrue quarterly and be payable annually.

The Firm has no financial planner relationships.



**4. Futures commission merchant, commodity pool operator, or commodity trading advisor**

None.

**5. Banking or thrift institution**

None.

**6. Accountant or accounting firm**

None.

**7. Lawyer or law firm**

None.

**8. Insurance company or agency**

None.

**9. Pension consultant**

None.

**10. Real estate broker or dealer**

None.

**11. Sponsor or syndicator of limited partnerships**

See Item 10.C.2, above.

**D. Selection of Other Investment Advisers**

The Firm does not recommend or select other investment advisers for clients.

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

**A. Code of Ethics**

In order to address conflicts of interest, the Firm has adopted a Compliance Manual and a Code of Ethics (the “**Compliance Program**”) that it has developed in consultation with its compliance consultant, Cowen Investment Management LLC. The Compliance Program is applicable to all of the Firm's officers, directors, registered consultants, and employees (collectively, “**Employees**”). The Compliance Program generally sets the standard of ethical and professional business conduct that the Firm requires of its Employees. The Compliance Program requires Employees to avoid activities, interests and relationships that may interfere or appear to interfere with making decisions in the best interests of the Firm's investment advisory clients. More specifically, the Compliance Program seeks to place the interests of the Firm's investment advisory clients over the interests of any Employee; imposes standards of business conduct for all Employees; requires Employees to comply with the federal securities laws; regulates Employee personal securities transactions, including requiring all Employees that qualify as covered persons to obtain pre-approval before investing in hedge fund or

private placement investments; and requires reporting and review of Employee personal securities transactions. The Firm will provide a copy of the Code of Ethics to any LLC member upon request.

As discussed further below, the Compliance Program includes provisions relating to the confidentiality of the investment advisory client's information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other topics. All Employees must acknowledge the terms of the Compliance Manual annually, or when it is materially amended and is also obligated to acknowledge the terms of the Code of Ethics quarterly.

Please note that Employees and their relations may participate directly or indirectly as a member of an LLC to the extent permitted by the terms of the relevant Offering Documents. Such participation in each LLC will be on substantially the same terms and conditions as provided for other LLC members except that Management Fees and Performance Compensation will typically be waived.

#### **B. Recommendations to Clients**

See Item 11.C below and Item 5.E above.

#### **C. Participation or Interest in Client Transactions**

Employees, including the employees of the Firm's affiliates and their shareholders and their respective relations may participate directly or indirectly as members of the LLCs to the extent permitted by the terms of the relevant LLC agreement. Such participation in each LLC will be on substantially the same terms and conditions as provided for in the Offering Documents of the LLC except that management and performance fees will typically be waived. See Item 6.

#### **D. Personal Trading**

See Items 11.A and 11.C above.

### **Item 12: Brokerage Practices**

Not applicable, as the LLCs do not trade securities and the LLC member interests are not marketable securities.

### **Item 13: Review of Accounts**

#### **A. Periodic Reviews**

Management persons review Company financial information as released by the Company's Board of Directors, which generally occurs at least quarterly. If financial or operational information is available more frequently, it is reviewed when received. The Firm meets quarterly following the receipt of Company information to assess the value of the Company and the LLC.

#### **B. Non-Periodic Reviews**

Events affecting any of the Companies may trigger a non-periodic review by the Firm's management.

### **C. Client Reports**

Members of the LLCs receive such reports as are determined by terms described in the LLC's Offering Documents or LLC agreement (or as otherwise negotiated with the Firm). To comply with the Custody Rule provisions of the Advisers Act, where the Firm is deemed to have custody of an affiliated LLC's assets, audited financial statements of the LLC are prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") and distributed to members within 120 days after the end of the LLC's fiscal year or as otherwise permitted under applicable provisions of the Advisers Act.

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

#### **A. Compensation by Non-Clients**

See Items 5.A and 5.C above. In addition, the Firm's employees expect to be reimbursed by a Company for travel, entertainment, direct, and/or other out-of-pocket expenses incurred in the course of serving on a Company's Board of Directors or any committees or sub-committees of a Board of Directors in connection with attendance at meetings, recruitment of Directors or management, interviews with attorneys, accountants, recruiters, consultants, investment bankers, vendors, customers, prospects, investors or lenders or their agents, and other actual or potential counterparties plus any other direct expenses incurred as a result of activities undertaken at the request of the Company Board of Directors or management.

#### **B. Compensation for Client Referrals**

As previously noted, the Firm is no longer seeking new LLCs or pursuing new investment opportunities on behalf of its existing LLCs. In the unlikely event such services were ever utilized, the Firm would be responsible for payments from its own resources to the third party for the third party's services and expenses, and such payments by the Firm do not increase or change the management fees and other amounts payable to the Firm by the purchaser of interests in the LLC.

### **Item 15: Custody**

The Firm does not maintain physical possession of the funds or securities of any LLC. The private security in which the LLC has invested is generally maintained in book entry form with the issuer. The records of each member's interest and capital account in the LLC are maintained in book form by the managing member. The value of each member's capital account will be reflected on the invoice for the Management Fee. Each member should compare this value with their own records. Each LLC will also have a bank account at a commercial bank selected by the manager for handling its capital contributions, distributions, and expenses.

Although the Firm will not have physical possession or custody of any LLC assets, under the SEC's Custody Rule, an adviser has "constructive" custody if, among other things, it has the authority to possess client assets by withdrawing funds on a client's behalf. With respect to managed LLCs, the Firm, by virtue of acting as general partner or managing member of such fund, has the authority to withdraw funds or securities from the LLC. Accordingly, the Firm is deemed to have "constructive" custody over the assets in an LLC.

In order to comply with the Custody Rule, these LLC private funds undergo an annual audit performed by a PCAOB-registered independent accountant. In addition, the audited financial statements, prepared in accordance with GAAP, are distributed to all members within 120 days of the end of the fund's fiscal year. The private funds advised by TACP and TACP Claire's will all receive a final liquidation audit and distribute the audited financial statements to all limited partners within the required timeframe.

#### **Item 16: Investment Discretion**

##### **A. Discretionary**

Pursuant to the LLC agreement to which each member becomes a party when executing the subscription documents, the Firm is designated as the managing member of the LLC with broad discretionary powers that are enumerated in the LLC agreement.

##### **B. Non-Discretionary**

In certain negotiated circumstances with a single very large investor, the Firm may enter into an investment management agreement with the investor that is purely advisory in nature and does not grant the Firm discretionary authority over the LLC or a class of securities within an LLC. The only responsibilities and duties which the Firm may have in this arrangement will be spelled out in the investment management agreement and the LLC agreement, if applicable, with all other responsibilities and obligations available to the investor under the LLC agreement being retained by the investor. Provisions of the LLC agreement or the security in which it is invested, in certain cases, may limit the investor's ability to choose the time or value of a liquidating event.

#### **Item 17: Voting Client Securities**

Because each LLC only owns an interest in a single Company and is part of a group that controls the business of the target investment, following the acquisition, as the managing member of the LLC, the Firm can be expected to vote the LLC's shares or other interests, either via proxy or by direct representation at a shareholder meeting, in agreement with the recommendations of the Company's Board of Directors, on which the LLC has direct or indirect representation. This action should be consistent with the best interests of the LLC. If an unusual situation were to arise in which the Firm thought a different action was in the best interests of the LLC, the Firm would act in such a manner that was in the best interests of the LLC and its members.

The LLCs are primarily invested in private companies which typically do not issue proxies. If the LLCs are invested in private companies that undertake an initial public offering, such Companies will issue proxies. The managing member of the LLC exercises voting authority with respect to the securities held by the LLC, and exercises such authority in a manner in which it believes is in the best interests of the LLC and its members.

The Firm has discretion to vote proxies of its LLCs and, in compliance with Advisers Act Rule 206(4)-6, has adopted proxy voting policies and procedures. The Firm's decisions regarding proxy voting are intended to be in the best interests of the relevant LLC and its members.

The Firm's general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable LLC's best interests and is in line with each LLC's objectives. The Firm reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Firm, the costs associated with voting

such proxy outweigh the benefits to an LLC or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the relevant LLC. Conflicts of interest may arise between the interests of a client, on the one hand, and the Firm and/or its affiliates or Employees, on the other hand. If the Firm determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, the Firm will address matters involving such conflicts of interest in accordance with its Proxy voting policies and procedures.

Notwithstanding the foregoing, historically only a small minority of the total number of investments affected by the Firm for its LLCs have been in publicly-traded securities and, therefore, the Firm's proxy voting activities have been limited. Members may obtain a copy of the Firm's Proxy voting policies and procedures and its Proxy voting record for the LLC of which they are a member upon request.

#### **Item 18: Financial Information**

##### **A. Prepayment of Fees (Six or more months in advance)**

The Firm does not require prepayment of fees six months or more in advance.

##### **B. Impairment of Contractual Commitments**

The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

##### **C. Bankruptcy Petitions**

The Firm has not been the subject of a bankruptcy proceeding.