

Part 2A of Form ADV: Firm Brochure

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This brochure (the “*Brochure*”) provides information about the qualifications and business practices of Sage Road Capital, LLC (“*SRC*” or the “*Firm*”). If you have any questions about the contents of this Brochure, please contact us at (713)-364-1400 or at info@sagerc.com. 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.

SRC is a registered investment adviser. Registration as an investment adviser does not imply that the Firm or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about SRC is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SRC is 164952.

Item 2. Material Changes

This Brochure, dated March 26, 2019, is Sage Road Capital, LLC's ("***SRC***" or the "***Firm***") disclosure document prepared according to the SEC's requirements and rules applicable to registered investment advisers. As you will see, this document is a narrative providing detailed information regarding the Firm, its practices, fees, actual and potential conflicts of interest and key mitigating circumstances, policies and controls.

After the initial filing of this Brochure, this Item 2 will be used to provide SRC's clients and/or Fund investors with a summary of new and/or updated information. SRC will inform you of the revision(s) based on the nature of the updated information.

Consistent with SEC rules, SRC will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of SRC's business fiscal year. Furthermore, the Firm will provide you with other interim disclosures about material changes as necessary.

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Item 4. **Advisory Business**

Sage Road Capital, LLC (“**SRC**” or the “**Firm**”), a Delaware limited liability company, is an SEC-registered investment adviser that was founded in January 2012 with its principal place of business in Houston, Texas. SRC is led by Managing Partners Benjamin A. Stamets and Joshua L. Batchelor (the “**Principals**”), each of whom is a principal owner of the Firm.

SRC provides investment management and advisory services solely to affiliated private equity funds (the “**Funds**”) and their respective co-investment vehicles, parallel funds and alternative investment vehicles. SRC’s purpose and objective is to generate long-term capital appreciation by targeting private equity or equity-like investments in companies primarily engaged in the lower middle-market segment of the onshore North American upstream oil and gas sector.

The Funds include Sage Road Energy I, LP, Sage Road Energy II, LP and SRC Banner Holdings, LLC (a co-investment vehicle related to Sage Road Energy I, LP). The general partner or manager of each Fund (the “**General Partner**”) is an entity controlled by SRC. Each General Partner, together with the Principals and certain investment professionals of SRC, directly or through one or more affiliated entities, will invest in each of the Funds. The General Partners engage SRC Management Company, LP (the “**Management Company**”), an entity also controlled by SRC, to manage the activities of the Funds and their respective co-investment vehicles, parallel funds and alternative investment vehicles.

SRC is managed by an experienced team of senior investment professionals who have extensive backgrounds in the private equity and energy industries. Led by the Principals, the SRC team is composed of seven investment professionals with over 100 years of collective energy and private equity experience and a track record of successfully investing together across industry cycles. SRC believes the composition and continuity of its team provide the Firm with a sustainable competitive advantage and an extensive network of industry relationships. The SRC team has a demonstrated ability to source and execute new investments and manage a portfolio of operating companies, having worked on numerous investments over the past decade at both SRC and prior firms.

The experience and specialization of the SRC investment team enables the Firm to play a decisive role in portfolio company management and operations while maintaining perspective on strategic positioning, valuations, financing parameters and exit/monetization potential. For its clients, SRC performs in-depth due diligence regarding proposed investments, structures and evaluates platform acquisitions and add-on acquisitions to portfolio companies, works closely with portfolio company management to provide strategic operating and financial advice, examines and implements succession planning, and identifies multiple exit options prior to an initial investment. SRC investment professionals are typically appointed as board members of portfolio companies in which a Fund has an interest. SRC investment professionals closely monitor the business activities of the portfolio companies of each Fund and frequently provide management with strategic advice and access to industry resources.

Co-Investments

The Funds may also have related investment vehicles, including alternative investment structures and co-investment vehicles. Subject to the terms of the Funds’ governing

documents, SRC may in its sole discretion give certain persons, including investors or third parties, an opportunity to co-invest in particular portfolio investments alongside one or more of the Funds. Co-investment partners may include limited partners of the Funds, employees or affiliates of SRC, financing sources, portfolio company management team members, and others. In addition to the aforementioned co-investment vehicles, co-investors also may be offered an opportunity to invest directly in a portfolio company. Allocation of any such opportunities may create a conflict of interest as they are, by nature, limited and participation is not possible for all investors in the Funds.

Lock-Ups

Except as set forth in a respective Fund's limited partnership agreement, an investor in any of the Funds generally may not rescind any part of its capital commitment or otherwise withdraw from any of the Funds. Private equity fund investing is appropriate only for those with sufficient resources to have capital locked up for long periods of time and who are able to bear the risk of significant losses.

Investors in each Fund should refer to the respective Fund's limited partnership agreement for complete information regarding lock-ups and penalties or other consequences for failure to fulfill capital calls made by the Fund.

Side Letters

SRC or the applicable General Partner, as appropriate, has and may in the future, waive or modify certain terms of investment for certain large or strategic investors in side letters or otherwise, in its sole discretion, including but not limited to, co-investment opportunities, increased Fund and portfolio company transparency, reduced management fees or performance fees, and more frequent or varied formats or modes of portfolio reporting.

Important Additional Considerations

The information provided herein merely summarizes the detailed information provided in each Fund's offering and organizational documents. Existing investors in the Funds and prospective investors in any new Fund launched by SRC should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. These risk factors and other detailed information are provided in each respective Fund's offering documents, limited partnership agreement and other organizational documents.

None of the Funds are required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. SRC manages each Fund on a discretionary basis in accordance with the terms and conditions of such Fund's offering documents, limited partnership agreement and other organizational documents.

Assets Under Management

As of December 31, 2018, SRC had \$187,058,425 in discretionary assets under management. SRC does not manage any assets on a non-discretionary basis.

Item 5. Fees and Compensation

Management Fees

For its services to the Funds, the Firm charges an asset management fee (the “**Management Fee**”) that is payable to the Management Company from the Funds in advance on a quarterly basis and pro-rated for any period that is less than a quarter. The Management Fee is allocated to the limited partners of each Fund (other than the General Partner and its affiliates) ratably in accordance with their respective capital commitments to such Fund.

Each Fund’s Management Fee is calculated based on the terms of its respective limited partnership agreement. Generally, each Fund charges a Management Fee over the life of the Fund based on either the committed or invested capital of such Fund. Management Fees are initially calculated during an investment period and subsequently reduced upon the termination of the investment period and/or upon the initiation of a successor Fund. Management Fees terminate upon the final distribution of a respective Fund’s assets. With respect to SRC’s services to co-investment vehicles, the Firm may also charge a Management Fee which will vary depending upon the particular investment, if any such fee is charged. Generally, the Management Fee is not negotiable, provided that SRC is permitted to waive, reduce or otherwise modify the Management Fee for any limited partner in the Fund.

Sage Road Energy I, LP. During the investment period, the Management Company receives an annual Management Fee, payable quarterly in advance, equal to 2.0% of the aggregate capital commitments of the limited partners (other than the General Partner and its affiliates). After the expiration or early termination of the investment period, Management Fees received will equal 1.5% of invested capital with respect to investments that have not been disposed of plus amounts committed for investments pursuant to then-existing commitments, net of write-offs or permanent net write-downs.

Sage Road Energy II, LP. During the investment period, the Management Company receives an annual Management Fee, payable quarterly in advance, equal to 2.0% of the aggregate capital commitments of the limited partners (other than the General Partner and its affiliates). After the expiration or early termination of the investment period, Management Fees received will equal 2.0% of invested capital with respect to investments that have not been disposed of plus amounts committed for investments pursuant to then-existing commitments, net of write-offs or permanent net write-downs; provided, that, as of the date on which SRC begins receiving a Management Fee in respect of a successor Fund, the Management Fees received will be reduced to 1.5% of invested capital.

Management Fees otherwise payable will be reduced with respect to each limited partner, but not below zero, by (i) an amount equal to 100% of the Other Fees (as defined below) and (ii) the amount contributed by such limited partner to pay placement fees paid or payable and any Excess Organizational Expenses (as defined below), in each case, since the preceding payment date. All such Other Fees will be allocated among the Funds and any co-investment vehicles on the basis of capital committed or contributed by each to the relevant investment. In the event that after the final Management Fee is payable there remains excess offsetable Management Fee amounts, such excess amounts shall be distributed to the limited partners.

Performance-Based Fees and Carried Interest

Each General Partner of a respective Fund will be entitled to receive carried interest distributions with respect to each Fund. Carried interest is a form of performance-based compensation structured as a profits interest, as further described below in Item 6.

Additional Fees and Expenses

In addition to the Management Fee, each Fund pays or reimburses the Management Company for all out-of-pocket costs and expenses incurred in connection with the administration of such Fund (to the extent not reimbursed by a portfolio company), in accordance with the terms of each Fund's limited partnership agreement.

In accordance with the terms of each Fund's limited partnership agreement, each Fund will bear legal and accounting fees, and other organizational expenses, including the out-of-pocket expenses of the Management Company, as applicable, incurred in the organization and formation of the Fund, the General Partner and any related entities (including expenses incurred in connection with the marketing and offering of the interests in the Fund (the "**Organizational Expenses**")) up to a specific amount. Organizational Expenses paid or reimbursed by a Fund in excess of this specific amount, if any ("**Excess Organizational Expenses**"), will be borne by the Management Company through a reduction, on a dollar for dollar basis, of Management Fee installments payable by the Fund. No Fund will be responsible for or otherwise incur any percentage of the organizational expenses of any other of the Funds.

The Management Company may receive (i) observer fees, advisory fees, financing fees, monitoring fees, directors' fees or other similar advisory fees in connection with a Fund's portion of its investment in portfolio companies and (ii) commitment fees, break-up fees and litigation proceeds from transactions pursued by the Fund but not consummated by the Fund (collectively, net of related, unreimbursed expenses paid by the Management Company, the "**Other Fees**").

Item 6. Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

As disclosed in Item 5 of this Brochure, the General Partner will be entitled to receive carried interest distributions, which is a form of performance-based compensation structured as a profits interest. In accordance with a distributions waterfall structure, the carried interest in each Fund is generally equal to 20.0% of distributions otherwise payable to each limited partner after a return to such limited partner of its aggregate capital contributions to a Fund plus an 8.0% compounded annual return on such capital contributions, subject to a catch-up provision. Carried interest that has been paid is subject to clawback under certain circumstances as set forth in each Fund's governing documents. Generally, the carried interest allocation is not negotiable, provided that SRC is permitted to waive, reduce or otherwise modify the performance allocation for any investor in the Funds.

Investors in the Funds, and prospective investors in any new Fund launched by SRC, should note that a performance-based profits interest, in some contexts, may create an incentive for an adviser such as SRC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, the long-term nature of private equity fund investing mitigates such risk because the carried interest is calculated based on realized, but not unrealized, gains, giving SRC the incentive to focus on fundamentals when making platform investments and add-on acquisitions for the Funds. In addition, the General Partners, the Principals and certain investment professionals of SRC put their own capital at risk through investments in the Funds.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

Side-By-Side Management

SRC endeavors at all times to put the interests of the Funds and its Fund investors first as part of its fiduciary duty as a registered investment adviser. In the limited circumstances where a potential investment opportunity could be relevant for multiple Funds (and/or their respective co-investment vehicles, parallel funds and alternative investment vehicles) that may have differences in the amount or structure of performance-based fees, the Firm takes the following steps to address any potential conflicts:

- Pursuant to the terms of each Fund's partnership agreement, the Firm will have substantially (though not necessarily entirely) completed the investment phase of one Fund before the launch of a new subsequent Fund with similar investment goals and objectives.
- With respect to Funds managed in parallel and those other limited situations where an "add-on" or other investment may be appropriate for more than one of the Funds, the Firm has implemented policies and procedures for fair and equitable allocation of investment opportunities among the Funds, subject to the Funds' maturity or stage of investment, availability of remaining capital commitments, availability of interests in the underlying portfolio companies and other appropriate considerations.
- With respect to cross-fund investments, SRC seeks the consent to such investment of the applicable Funds' limited partner advisory committee or limited partners, as applicable.
- SRC discloses to investors and prospective investors that conflicts of interest may exist regarding the potential for SRC and its employees to earn more compensation from some Funds than others.

Item 7. Types of Clients

SRC provides investment management services to private equity funds as disclosed at Item 4 of this Brochure.

Except as permitted by SRC or the applicable General Partner, and in accordance with the respective Fund's offering documents, minimum capital commitments exist for prospective investors in the Funds. The applicable General Partners retain the right to waive the minimum

capital commitment requirements in their sole discretion.

Prospective investors in any new Fund launched by SRC should refer to the appropriate Fund offering documents for information regarding that Fund's minimum required capital commitment and any additional qualifications required for investment.

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

SRC seeks to make, on behalf of the Funds, private equity or equity-like investments in companies primarily engaged in the lower middle-market segment of the onshore North American upstream oil and gas sector where it believes it can achieve attractive risk-adjusted returns. The Firm believes that successfully investing in this sector requires a confluence of many factors, including, but not limited to, partnering with talented management, accessing high-quality oil and gas assets and creating prudent transaction structures.

SRC employs a robust investment process in conjunction with its evaluation and analysis of prospective transactions, including origination, due diligence, execution and active monitoring of portfolio companies. SRC seeks to capitalize on the collective experience, background and relationships of its investment team to identify investment opportunities for the Funds. SRC evaluates industry trends that are relevant to the investment strategy and market focus of a Fund, while also seeking to identify relative value opportunities across oil and gas basins and assets. In addition, SRC utilizes a proactive outbound sourcing effort and an active screening process for inbound opportunities originated from a third party.

SRC's due diligence process is designed to establish, refine and verify its investment thesis by understanding numerous aspects of a given opportunity, including company strategy, market position, technical merits, operations and management expertise and track record. While the due diligence process is typically led internally by members of the SRC investment team, the Firm frequently supplements its internal efforts by leveraging its network of industry contacts and experts, including technical consultants (e.g. reservoir engineers, geologists, etc.), lawyers, accountants, lenders and other strategic advisors, and consultants with expertise in a wide range of disciplines relevant to the oil and gas industry. SRC believes that this combination of resources allows it to effectively high-grade investment prospects, identify certain risks prior to consummating an investment, and manage potential issues that could adversely impact its investments over time.

Specific elements of SRC's diligence process include:

- Extensive meetings with key management team members;
 - Comprehensive management reference and background checks;
 - Detailed financial and commercial analysis, including assessment of capital structure;
 - Internal and third-party technical evaluations, including engineering, geologic, operations, title and environmental evaluations;
 - Market research, including competitive landscape and vendor / cost structure analysis;
 - Identification of both organic growth opportunities and add-on acquisition candidates;
 - Evaluation of exit alternatives, including identification of potential strategic acquirers;
- and

- Additional company and sector specific analysis.

Post-closing, SRC professionals provide guidance to portfolio companies based upon the collective experience of its team of investment professionals. While SRC delegates day-to-day operational oversight to the management team of a respective portfolio company, SRC professionals seek to enhance value creation through strategic, operating and financial recommendations to maximize growth and profit potential. SRC often introduces add-on acquisition candidates, provides advice on the timing of asset/subsidiary divestitures and exit strategies, consults on financial structuring and commodity risk management matters, and generally provides a knowledgeable, yet objective, perspective to operating decisions. This wealth of knowledge and experience can be leveraged to assist a portfolio company in generating attractive returns while managing downside risks.

Investment Risks

General Economic Conditions. General economic conditions may affect the investments made by the Funds. Factors such as interest rates, general levels of economic activity, commodity prices and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment.

Nature of Investment in General. An investment in the Funds requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to the investors prior to disposition of a given investment. Many if not all of the investments will be highly illiquid, and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. The contemplated exit strategies for the Funds' investments can be adversely affected by numerous factors, many of which may be unforeseen or unexpected at the time the investments are made. Consequently, dispositions of the Funds' investments may require a lengthy time period or may result in distributions in kind to their investors.

Lack of Liquidity, Transferability and Withdrawal. Investments in any of the Funds typically involve securities for which there is no established trading market. An investor cannot expect to be able to resell any of its investment, if at all. Further, there are substantial contractual restrictions on the ability to transfer any or all of an investment. For such reasons, there is little liquidity in a Fund investment. Finally, investors have no right to withdraw capital during the term of a given Fund. Accordingly, investments should be acquired for investment purposes only and not with a view toward resale. Investors may be required to bear the financial risks of an investment indefinitely and should have the financial ability and willingness to accept the risks of this lack of liquidity.

Valuation of Portfolio Investments. Restricted and privately-held portfolio investments, which may not have readily ascertainable market values, are valued by SRC at fair value. Although SRC estimates the fair value of each portfolio company at quarter-end using valuation techniques that it believes to be a fair estimate of value, due to the inherent uncertainty of valuation estimates, SRC's determination of values may differ significantly from values that would have been realized had a ready market for the investments existed, and the differences could be material. The actual realized returns on unrealized investments will depend on, among other

factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the returns indicated herein.

Reliance on Portfolio Company Management. While the senior investment professionals of the Firm will be actively engaged in the management of the Funds' investments, each portfolio company's day-to-day operations will ultimately be the responsibility of such company's management team. Although the Firm will be responsible for monitoring the performance of each investment and intends to invest in companies run by strong management teams, there can be no assurance that such management teams will be able to achieve a successful or favorable outcome. Further, the loss of one or more key members of its portfolio company management teams may adversely impact the performance of a Fund's investments.

No Right to Control the Funds' Operations. Investors will have no opportunity or right to control the day-to-day operations, including investment and disposition decisions, of the Funds. In order to safeguard their limited liability for the liabilities and obligations of the Funds, investors must rely on the General Partners to conduct and manage the affairs of the Funds.

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

Lack of Diversification. Investors will be exposed to a limited number of investments in a given Fund. If the Fund is provided with only a limited number of investment opportunities or is provided with investment opportunities in companies that are similar to the other investments in that Fund, the portfolio may not be diversified.

Nature of Energy Industry Risk. Investments in the energy industry may be subject to a variety of risks, not all of which can be foreseen or quantified. Such risks may include but are not limited to: (i) the risk that the technology employed in an energy project will not be effective or efficient; (ii) uncertainty about the availability or efficacy of energy sales agreements or fuel supply agreements that may be entered into in connection with a project; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iv) environmental liability risks related to energy properties and projects; (v) risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, bankruptcy of key customers

or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, acts of God and other catastrophes; (vi) uncertainty about the extent, quality and availability of oil and gas reserves; (vii) the risk that interest rates may increase, making it difficult or impossible to obtain project financing, or impairing the cash flow of leveraged projects; and (viii) the risk of changes in values of companies in the energy industry whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of exploration projects, the tax and other regulatory policies of various governments, and the economic growth of countries that are large consumers of energy, as well as other factors). The occurrence of events related to the foregoing may have a material adverse effect on one or more investments across a Fund portfolio.

Competition for Investment Opportunities. Identifying, completing and realizing attractive private equity investments are highly competitive activities and involve a high degree of uncertainty, particularly with respect to energy investments. As such, competition among investors may adversely impact the Firm's ability to access quality investment opportunities.

Drilling, Exploration and Development Risks. The Funds invest in businesses that engage in oil and gas exploration and development, a business that often involves a high degree of risk. Certain of the companies in which a Fund invests may be subject to the risks inherent in acquiring or developing recoverable oil and natural gas reserves, including capital expenditures for the identification and acquisitions of projects, the drilling and completing of wells and the conduct of development and production operations.

Volatility of Oil and Natural Gas Prices. Investments will be focused on the oil and gas upstream sector. Accordingly, commodity prices will have an impact on a Fund's investment performance. Oil and natural gas prices are volatile, unpredictable, and controlled by a number of factors beyond the control of SRC, including supply / demand trends, regulatory bodies, general domestic and global economic conditions, costs for oilfield services and associated raw materials, and alternative energy fuels. An extended decline in prices could reduce the revenues and cash flow of the companies in which the Funds have investments.

Environmental Matters. Environmental laws, regulations and regulatory initiatives play a significant role in the energy and power industry and can have a substantial impact on investments in this industry. For example, global initiatives to minimize pollution have played a major role in the increase in demand for natural gas and alternative energy sources, creating numerous new investment opportunities. Conversely, required expenditures for environmental compliance have adversely impacted investment returns in a number of segments of the industry. The energy industry will continue to face considerable oversight from environmental regulatory authorities, and SRC will seek to evaluate carefully the expected impact of environmental compliance on all potential investments. The Funds may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements.

Leverage. Fund investments may incorporate financial leverage to increase profit potential while increasing risk of loss and volatility. Leverage may take the form of borrowed money, uncovered short positions, uncovered put options, derivative instruments that are inherently

leveraged, and other forms of direct and indirect borrowings. If the interest expense on borrowings were to exceed the net return on the portfolio of securities purchased with borrowed funds, returns would be lower than if the investors were not leveraged. Additionally, the use of financial leverage may adversely impact the operating flexibility and liquidity of the Funds' investments.

Absence of Operating History. Many of the investments made by the Funds involve a newly formed entity with little or no prior operating history upon which an investor can base its prediction of future success or failure. Although SRC has had experience and success in making such investments in portfolio companies, there can be no assurance that this strategy will be successful in the future.

Disruptive Technology Risk. Historically, technological changes in the energy industry have resulted in gradual incremental improvements with no disruptive technology impacts. However, there are currently a number of scientific research institutions (supported by governments, universities, and major venture capital firms and corporations) seeking to develop disruptive technologies designed to reduce dependence upon large scale fossil fuel generation. In the event that a disruptive technology is successfully developed and implemented, the Funds' investments might be adversely affected.

Disposition of Private Investments. Most of the Fund's investments involve private portfolio investments. In connection with the disposition of such investments, the Funds 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 a business. Further, the Funds also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations that must be satisfied by the investors to the extent of distributions made to such investors.

Cybersecurity. SRC, the Funds and their portfolio companies, and affiliated service providers are subject to risks associated with a breach in cybersecurity. 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 or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, SRC, a Fund and/or a portfolio company may have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Firm's investment results and its ability to make distributions to its investors of the Funds. The failure of these systems for any reason could cause significant interruptions or financial losses in SRC's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm SRC's, the Funds' or a portfolio company's reputation, subject them and their respective

affiliates to legal claims and otherwise affect their business and financial performance. While SRC has established systems, policies and procedures to seek to prevent cybersecurity breaches, there are inherent limitations in such systems, policies and procedures including the possibility that certain risks have not been identified.

Item 9. Disciplinary Information

SRC is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Neither the Firm nor its management personnel have reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer

Neither the Firm nor its management personnel is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Futures and Commodity Trading

Neither the Firm nor its management personnel is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading adviser, or is an associated person of the foregoing entities.

Material Related Person Relationships

Each of the Funds has a separate General Partner and each is related to SRC through common ownership and control. Each General Partner typically shares many of the same executive officers with each other and with SRC.

Each General Partner will be entitled to receive carried interest distributions pursuant to the terms and conditions set forth in the applicable Fund's limited partnership agreement. Any such distributions will ultimately inure to the benefit of the owners and executive officers of SRC.

Other Investment Advisers

SRC does not recommend or select other investment advisers for our clients.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics

SRC has adopted a Code of Ethics (the "*Code of Ethics*"), which sets forth high ethical standards of business conduct that it requires of its management personnel and employees,

including compliance with applicable federal securities laws. A copy of the Code of Ethics is available to the Firm's advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer.

SRC and its personnel owe a fiduciary duty to clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

The Code of Ethics includes policies and procedures for the review of personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's employees. The Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

SRC's Code of Ethics includes policies and procedures governing gifts and entertainment, outside business activities, confidentiality of information and information barriers, and charitable and political contributions. The Code of Ethics also prohibits the misuse of material non-public information and emphasizes the avoidance of conflicts of interest with investors. Each employee must acknowledge the terms of the Code of Ethics on an annual basis.

Participation or Interest in Client Transactions

As disclosed at Item 4 of this Brochure, the Principals and certain investment professionals of SRC, directly or through one or more affiliated entities, have invested and may invest a portion of their personal net worth in one or more of the Funds.

It is the expressed policy of the Firm that no person employed by us may usurp an investment opportunity which may be appropriate for one or more of the Funds without first presenting the opportunity to the Firm's investment team.

As these situations represent a conflict of interest, SRC has established the following restrictions in order to ensure the Firm fulfills its fiduciary responsibilities:

- No officer or employee of the Firm may prefer his or her own interest to that of an advisory client.
- All of the Firm's Principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

Without obtaining the consent of the investment management team established for each Fund, none of SRC, the Principals, any General Partner or other affiliated person shall engage in a principal trade with any of the Funds or purchase from or sell securities to a Fund from a proprietary or personal account, other than through side-by-side investments as provided for in the respective Fund's limited partnership agreement.

Item 12. Brokerage Practices

SRC, directly or in conjunction with each General Partner or other affiliates, is responsible for all parts of the investment cycle, including deal sourcing and origination, investment decision-making, deal negotiation and transaction structuring, portfolio management (the act of overseeing the investments that the Firm has made) and exit strategies. SRC will typically make direct investments on behalf of the Funds in privately held companies. Rarely will any Fund acquire securities of publicly traded companies, except, perhaps, in connection with a merger of a privately held portfolio company with a company that is publicly traded.

Each direct investment is carefully structured through negotiations by members of the applicable General Partner and SRC's investment professionals, as well as various professionals engaged by the Firm to facilitate a particular deal, as appropriate. These professionals may include attorneys, accountants, consultants, engineers, geologists, information technology and due diligence professionals, among others. All such professional relationships are managed at arm's-length, and all such advisors are engaged with the intent to represent the best interests of the Funds.

Transactions made by SRC for the Funds are generally discreetly negotiated deals which may or may not involve the participation of an investment bank or broker dealer (collectively, "**Broker**"). If a Broker is involved in a Fund transaction involving an acquisition or other new investment, it is typically because the selling company has engaged such firm to assist it in negotiating and structuring the terms of a particular deal on its behalf, including organization of an auction or otherwise. In this way, the selling company hopes to obtain the best possible terms for its sale. As a result, the primary factor for SRC in determining whether to enter into a transaction on behalf of a Fund with a Broker is based on its decision to seek an investment in a company that has engaged such Broker.

When selling a portfolio company, in order to obtain the best possible selling price, and depending on the particular circumstances of the proposed deal, SRC may engage a Broker to assist in the sale if SRC determines that such Broker would add value to the sale process and be in the best interests of the Funds. In this circumstance, consistent with the goal of seeking the best execution possible, SRC determines that it will engage a Broker to assist with a particular transaction, SRC will generally select a Broker based on the following, as applicable:

- expertise in the particular market;
- network of relationships and market reach;
- history of similar transactions;
- the fees and other cost associated with its services;
- its reputation;
- past experience with the Firm, including any past deal flow or ideas provided to the Firm, if any;
- anticipation of future deal flow, if any;
- willingness and ability to commit capital to complete the deal, if necessary; and
- responsiveness of staff.

Due to the nature of private equity fund investing, SRC does not typically aggregate investments for more than one Fund. However, if SRC has determined that an underlying investment is to be made on behalf of two or more of the Funds and the Firm plans to use a Broker, SRC will typically enter into a single transaction, aggregating the investments for each Fund, as well as any co-investor that was allocated a percentage of the investment. Each participant will participate in the applicable investment or trade at the same price. Transaction costs will typically be borne by the portfolio company whose securities are being acquired.

Because SRC, on behalf of the Funds, primarily makes direct investments in privately held investments, the use of Brokers to execute trades of public securities occurs very infrequently. However, for any security that is a publicly traded security, SRC will seek to conduct the trade in a manner in which the least amount of commission will be payable and the sole focus when selecting an executing Broker for this purpose is best execution.

SRC does not have any formal or informal soft-dollar arrangements nor does it receive any soft-dollar benefits from any Broker, dealer or other counterparty. The receipt of research services or other soft dollar benefits is not a factor when selecting an executing Broker in the instances where such a Broker is required for a public trade. Additionally, SRC's policy is not to permit clients to direct brokerage to any particular executing Broker.

Item 13. Review of Accounts

SRC's investment staff, which consists of the Firm's senior personnel and investment team professionals, approve all portfolio investments and dispositions and will be actively involved in analyzing each investment and reviewing those investments on an ongoing basis. While not a requirement, SRC will typically arrange for the Funds to have one or more representatives serving on the board of directors of the Funds' portfolio companies.

SRC performs regular monitoring of investment performance via mandatory financial reporting from portfolio companies, and ongoing communication with company management, as well as other company-specific reports / data deemed relevant to the Firm to adequately assess a company's overall performance. In addition, the SRC investment staff meets regularly to review ongoing monitoring activities and to evaluate potential new platform investments, add-on acquisitions, and dispositions.

The SRC investment team regularly reviews the carrying values of each Fund's respective investments and approves such valuations on a quarterly basis. SRC investment professionals may be included in such meetings to prepare investment materials, assist with due diligence materials, and provide valuable industry insight.

The Firm regularly reviews the Funds' accounts and various financial and operating statements. In addition, the Funds are each audited annually by an independent, certified public accounting firm that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board (PCAOB). A copy of the audited financials is sent to each investor on a timely basis, as well as annual tax information necessary for each investor's preparation of its tax return. Additionally, investors in each Fund may receive quarterly summary reports, including unaudited quarterly financial statements, as required per each respective Fund's limited partnership agreement.

Item 14. Client Referrals and Other Compensation

SRC has previously engaged and may engage in the future other individuals or entities as placement agent in the offer and sales of limited partnership interests in the Funds. SRC reserves the right to enter into such arrangements with placement agents and these types of arrangements are disclosed in the client's offering materials. Under these arrangements, placements agents are typically compensated as a function of the capital commitments made by investors to one or more Funds. Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Funds are the most suitable to the prospective investor's needs. To address this potential conflict of interest, all referred investors are carefully screened to ensure that the particular Fund is suitable to the prospective investor's investment needs, objectives and risk tolerance before any subscription is accepted. In addition, each prospective investor receives detailed information in each respective Fund's offering documents, limited partnership agreement and other organizational documents.

Item 15. Custody

Because SRC acts as investment adviser to the Funds and is affiliated with each Fund's General Partner through common ownership and control, SRC is deemed to have custody of client assets under current applicable regulatory interpretations. SRC utilizes the services of a bank or other qualified custodian (as defined under Rule 206(4)-2) to hold all assets of the Funds. SRC also ensures that the qualified custodian maintains these funds in accounts that contain only the Funds' funds and securities, under the Firm's name as agent or trustee for the Funds. As an adviser with custody, the Firm seeks to have each of the Funds audited on an annual basis by an independent public accounting firm that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). SRC seeks to send, directly, the audited financials to each Fund investor within 120 days of the applicable Fund's fiscal year end.

Item 16. Investment Discretion

As investment adviser to the Funds, SRC is granted the discretionary authority in the relevant organizational documents and/or advisory agreements to determine which securities and the amounts of securities that are to be bought or sold on behalf of the Funds.

Item 17. Voting Client Securities

Because the Funds transact primarily in privately issued securities, SRC rarely is required to vote proxies with respect to the Funds' investments and securities. Under certain limited circumstances, however, SRC may be required to vote proxies solicited by portfolio companies. Under these circumstances, the Firm will vote proxies in the best interest of the Funds, typically with the goal of maximizing value for the Funds and the investors in the Funds. To that end, SRC endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the Funds' investments to increase the most or decline the least in value. Consideration is given to both the short-term and long-term implications

of the proposal to be voted on when considering the optimal vote. SRC's complete proxy voting policy and procedures has been memorialized and is available for investors to review.

It is important to note that SRC will typically name one or more affiliated persons to serve on the board of directors of portfolio companies. As such, a conflict of interest could arise when voting certain common proxies, including board composition, tenure or compensation. Under these circumstances, SRC will either abstain or engage an unaffiliated third party to vote the proxy on behalf of the affected Fund.

Item 18. Financial Information

Balance Sheet

SRC does not require prepayment of client fees more than three (3) months in advance of services rendered and, therefore, SRC is not required to include a balance sheet with this Brochure.

Financial Condition

SRC is not aware of any financial condition that is reasonably likely to impair its ability to continue to meet its contractual obligations to its clients.

Applicable Bankruptcy

SRC has not been the subject of a bankruptcy petition at any time during the past ten years.