

Silversmith Management, L.P.

Form ADV Part 2A

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Silversmith Management, L.P. (referred to herein as “Silversmith”). If you have any questions about the contents of this Brochure, please contact us at (617) 670-4300 or via email at info@silversmithcapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Silversmith is also available on the SEC’s website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT SILVERSMITH OR ANY OF THE PRINCIPALS OR EMPLOYEES OF SILVERSMITH POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2 - Material Changes

This Brochure, dated as of March 27, 2019, has been prepared in connection with Silversmith's annual update with the SEC as an investment adviser. This Item 2 sets forth a brief summary of any material changes to our disclosure since our last update. Relevant changes include:

- Certain clarifications in the section titled "Performance-Based Fees and Side-by-Side Management"
- Certain updates and clarifying amendments to the section titled "Types of Clients"

In addition, this Brochure contains other routine annual updates.

Item 3 - Table of Contents

ITEM 4 - ADVISORY BUSINESS	4
ITEM 5 - FEES AND COMPENSATION	5
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
ITEM 7 - TYPES OF CLIENTS.....	8
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	9
ITEM 9 - DISCIPLINARY INFORMATION.....	15
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	16
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	17
ITEM 12 - BROKERAGE PRACTICES.....	19
ITEM 13 - REVIEW OF ACCOUNTS	20
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION.....	20
ITEM 15 - CUSTODY.....	21
ITEM 16 - INVESTMENT DISCRETION	21
ITEM 17 - VOTING CLIENT SECURITIES	22
ITEM 18 - FINANCIAL INFORMATION	23

Item 4 - Advisory Business

Silversmith Management, L.P. (“Silversmith”) is a growth equity firm that focuses on making investments in lower-middle market companies in two core industry verticals, (i) Software-as-a-Service and Information Services (“SaaS & Information Services”) and (ii) Healthcare Information Technology and Services (“Healthcare IT & Services”). Silversmith was founded in 2015. The principal owners of Silversmith are Jeffrey Crisan, Todd MacLean, Jim Quagliaroli and Lori Whelan.

Silversmith primarily provides investment advisory services to private investment funds that principally seek investment opportunities in private lower-middle market companies in the SaaS & Information Services and Healthcare IT & Services sectors. Transactions in these lower-middle market companies are expected to include growth equity investments, both minority and majority, as well as platform build-ups in situations where Silversmith believes that profitable growth can be most effectively achieved through a targeted M&A strategy. Silversmith seeks to make investments in profitable, high-growth companies poised for continued expansion with the potential to become market leaders.

Silversmith provides the services described above to its advisory clients, which are private investment funds (collectively, the “Silversmith Funds”). Generally, a related person of Silversmith acts as the general partner of (or other equivalent control position for) each Silversmith Fund, and Silversmith serves as investment adviser to each Silversmith Fund. References to Silversmith in this Brochure include, as the context requires, affiliates through which Silversmith provides investment advisory services or that act in any capacity referenced in the previous sentence.

Silversmith tailors its advisory services to the specific investment objectives and restrictions of each Silversmith Fund as set forth in such Silversmith Fund’s limited partnership agreement (or similar governing agreement) and investment management agreement, as applicable. Investors and prospective investors of each Silversmith Fund should refer to the confidential private placement memorandum, limited partnership agreement (or similar governing agreement), investment management agreement and/or other governing documents, as applicable (collectively, the “Governing Documents”) of the applicable Silversmith Fund for complete information on the investment objectives and investment restrictions with respect to such Silversmith Fund. There is no assurance that any of the Silversmith Funds’ investment objectives will be achieved.

In accordance with common industry practice, one or more of the Silversmith Funds and/or their general partners have entered into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally. Such “side letters” or similar agreements generally are disclosed only to investors in the applicable Silversmith Fund that have separately negotiated with Silversmith for the right to review such “side letters” or similar agreements.

Silversmith does not participate in any wrap fee programs.

Silversmith manages all assets on a discretionary basis in accordance with the terms and conditions of each Silversmith Fund’s Governing Documents. As of December 31, 2018, the amount of assets Silversmith manages on a discretionary basis is \$1,289,280,329.

Item 5 - Fees and Compensation

Compensation and Fee Schedules

All investors and prospective investors should review the Governing Documents of each Silversmith Fund in conjunction with this Brochure for complete information on the fees and compensation payable in connection with a particular Silversmith Fund. Different Silversmith Funds may be subject to different management fees and performance-based compensation arrangements. In limited circumstances, the advisory fees payable to Silversmith by individual investors in the Silversmith Funds may be negotiable and/or waived. Investors and prospective investors in each Silversmith Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. All clients are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), and therefore Silversmith has not included specific fee information in this Brochure.

Deduction of Fees; Timing of Payments; Termination

Management fees are generally paid to Silversmith by or on behalf of a Silversmith Fund by (i) requiring investors in such Silversmith Fund to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such Silversmith Fund.

Payments of advisory fees are generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of each of the Silversmith Funds for complete information on the timing of advisory fee payments.

To the extent management fees are assessed in advance, certain Silversmith Funds’ Governing Documents require such fees to be returned to the limited partners of such Silversmith Funds should Silversmith’s management services to the Silversmith Fund be terminated prior to the end of the period in respect of which the fees have been paid (including, for example, situations where the final distribution by a Silversmith Fund occurs prior to the end of a period for which management fees have already been paid). In general, the amount of such fees to be returned is calculated based on the number days remaining in the applicable period.

Other Fees and Expenses

In addition to the fees payable to Silversmith and its affiliated entities, the Silversmith Funds (and therefore, indirectly, the limited partners of such Silversmith Funds) may incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to each Silversmith Fund. Such expenses may include (but are not limited to), organizational and capital raising expenses; management fees; all expenses incurred in connection with the business, affairs and operations of the Silversmith Fund, including the due diligence, purchase, acquisition, holding, transfer or sale, of any portfolio investment (whether or not consummated), including legal, accounting and consulting fees, travel and the fees and expenses of any third-party administrator of the Silversmith Fund; all expenses incurred in connection with the development of any portfolio investment, including the employment of third party consultants or engineers; all expenses incurred in connection with the securing of financing, including but not limited to expenses related to the negotiation and documentation of agreements with one or more lenders; all costs and fees relating to the administrative and audit expenses of the Silversmith Fund (including costs of third-party accountants), and the preparation of financial and tax reports, portfolio valuations and tax returns of the Silversmith Fund; all legal, regulatory, administrative and compliance costs of the Silversmith Fund and the Silversmith Fund’s general partner and/or manager, in each case with

respect to the Silversmith Fund, and all costs of prosecuting or defending any legal action for or against the Silversmith Fund or the Silversmith Fund's general partner, manager or any of their respective affiliates relating to the affairs of the Silversmith Fund; all costs of establishing and operating entities related to the carried interest received by the general partner of the Silversmith Fund; all indemnification obligations of the Silversmith Fund; principal and interest on, and fees and expenses arising out of, all permitted borrowings made by the Silversmith Fund; all costs of any litigation, director and officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Silversmith Fund; all extraordinary professional fees incurred in connection with the business or management of the Silversmith Fund; all expenses of dissolving the Silversmith Fund; any taxes, fees or other governmental charges levied against the Silversmith Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Silversmith Fund; all expenses incurred in connection with any restructuring or amendments to the constituent documents of the Silversmith Fund and related entities, including the Silversmith Fund's general partner and/or manager (in the case of any related entities, solely to the extent such amendments or restructurings are related to the Silversmith Fund and/or its activities); all expenses incurred in connection with the formation of special purpose investment vehicles, including any alternative investment vehicles; all expenses incurred in connection with multimedia, analytical, database, news or other third party research services and related terminals for the delivery of such services; expenses incurred in connection with annual or other meetings of the limited partners of the Silversmith Fund, whether individually or as a group (including travel); all expenses and costs related to the holding of meetings of the advisory board of a Silversmith Fund (including travel, lodging and meals), if any; all fees charged, and reasonable out-of-pocket expenses incurred, by the administrator of the Silversmith Fund in connection with the administration of the Silversmith Fund; and expenses incurred in connection with the managed distribution of marketable securities. Travel expenses shall include all travel-related costs and expenses, including but not limited to those incurred in connection with transportation, lodging and meals. The types of other fees and expenses incurred may vary among Silversmith Funds. All investors and prospective investors should review the Governing Documents of the applicable Silversmith Fund in conjunction with this Brochure for complete information on the charges and expenses payable with respect to a particular Silversmith Fund.

The types of other fees and expenses incurred will vary from Silversmith Fund to Silversmith Fund. Please refer to the Governing Documents of each applicable Silversmith Fund for more complete information.

The section titled "*Brokerage Practices*" describes the factors Silversmith considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Timing of Payments

Please refer to the subsection entitled "*Deduction of Fees; Timing of Payments; Termination*" described above.

Transaction-Based Compensation

Silversmith does not receive any transaction-based compensation from the Silversmith Funds for the sale of securities or other investment products to any Silversmith Fund. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that Silversmith may receive with respect to investments by the Silversmith Funds.

Item 6 - Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

Distributions to investors in most Silversmith Funds will be subject to some form of carried interest or similar profit allocation for the benefit of an affiliate of Silversmith. Generally, these profit allocations represent a share of a limited partner's distributions in excess of its invested capital and allocable fees and expenses. Such "carried interest" allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the "Advisers Act") to the extent required thereunder. Any share of profits allocated or distributed to an affiliate of Silversmith is separate and distinct from the advisory fees charged by Silversmith to such Silversmith Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of Silversmith may create an incentive for Silversmith to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee or compensation arrangement.

Please refer to the Governing Documents of each Silversmith Fund for complete information on the specific "performance-based fee" arrangements of each Silversmith Fund.

Side-by-Side Management

Silversmith Funds may be subject to different performance-based compensation arrangements. If Silversmith or an affiliate is entitled to receive a higher percentage of the net profits of the account of one Silversmith Fund than the percentage that Silversmith or an affiliate receives from another Silversmith Fund, then Silversmith may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Silversmith Fund that is subject to the higher percentage.

Silversmith may, from time to time, be presented with investment opportunities that fall within the investment objectives of more than one Silversmith Fund and, in such circumstances, subject to the terms of the Governing Documents of the applicable Silversmith Funds and other agreements governing such Silversmith Funds, Silversmith expects to allocate such opportunities among the Silversmith Funds on a basis that Silversmith determines in good faith is appropriate taking into consideration such factors as Silversmith determines, including but not limited to, (i) the amount of capital required for the applicable investment opportunity, (ii) the nature of the applicable security or transaction, (iii) capital available to (including leverage), and remaining investment period of, the Silversmith Funds, (iv) differences with respect to investment objectives and or current investment strategies, (v) differences in risk profile, (vi) the sourcing of the transaction, (vii) whether the Silversmith Funds have an existing investment in the applicable portfolio company, (viii) current and anticipated market and economic conditions, (ix) the amount of potential follow-on investing that may be required for such investment, (x) reasons of portfolio balance, construction and diversification (including but not limited to stage, geography and/or sector), (xi) potential conflicts of interest, (xii) tax, legal or regulatory considerations, (xiii) other limitations or restrictions applicable to the Silversmith Funds and (xiv) such other considerations deemed relevant by Silversmith.

With respect to follow-on investment opportunities in a particular portfolio company, Silversmith's general policy is, in the first instance, to consider such opportunities on a priority basis for the Silversmith Fund(s) that have an existing investment in such portfolio company. If more than one Silversmith Fund has an existing investment in a portfolio company, follow-on investment opportunities for that company generally will be allocated in proportion to the aggregate amount invested by each such fund in the applicable portfolio company. Notwithstanding the foregoing, Silversmith and its affiliates may allocate such

opportunities differently if they determine, in their discretion, that such different allocation is appropriate under the circumstances (including but not limited to, the amount of capital required for the applicable investment opportunity and other investment allocation considerations described in items (i) through (xiv) of the prior paragraph, each, as may be applicable).

After the applicable Silversmith Fund(s) have received their desired portion of a new investment or follow-on investment opportunity, Silversmith, in certain cases, may make additional amounts with respect to such investment opportunity (if any) available for co-investment to one or more investors in the Silversmith Funds or other third parties. If Silversmith expects to offer any such co-investment opportunity to one or more limited partners of a Silversmith Fund, Silversmith will offer such opportunity to participate in such co-investment in accordance with the applicable provisions of the Silversmith Funds' Governing Documents and Silversmith's co-investment allocation policies in effect from time to time. Co-investments by investors in the Silversmith Funds or third parties may be made directly in the applicable portfolio company or may be made through "special purpose vehicles" or other entities formed by Silversmith or its affiliates. Silversmith or its affiliates may (but are not obligated to) receive fees, carried interest or other compensation in connection with such co-investments (and the terms of any such fees, carried interest or other compensation may differ from the terms applicable to an investment in the Silversmith Funds with regard to such matters).

The Silversmith Funds may, as permitted under their respective Governing Documents, cross-invest in portfolio companies in which other Silversmith Funds already hold an interest. To the extent that multiple Silversmith Funds hold an interest in the same portfolio company, it is Silversmith's policy that disposition opportunities with respect to that investment will be determined by Silversmith and its affiliates on a case-by-case basis and will not necessarily be made at the same time or in proportion to dollars invested in that company or relative ownership percentages in that company. In such cases, Silversmith and its affiliates will allocate disposition opportunities among the applicable Silversmith Funds in their discretion, taking into account (without limitation): (i) the relevant provisions in agreements related to the applicable entities' investment in the portfolio company (such as "tag-along" or "piggy-back" rights); (ii) the ownership percentage of, and the amount invested by, each applicable entity in the portfolio company; (iii) the amount of gain (or loss), realized and unrealized, on each applicable entity's investment in the portfolio company at the time of such disposition opportunity; (iv) the type of securities held by each entity in the portfolio company; (v) liquidity needs for each applicable entity and the investment cycle of each applicable entity; (vi) respective holding periods for the investment of each applicable entity; (vii) the nature of the disposition opportunity, including the size of the opportunity; (viii) current and anticipated market conditions; (ix) tax, legal or regulatory considerations; and (x) such other factors that Silversmith and its affiliates may determine to be relevant.

Item 7 - Types of Clients

Types of Clients and Investment Vehicles

Silversmith provides advice to investment vehicles. The limited partners of (or investors in) the Silversmith Funds may include high net worth individuals, operating companies and/or their pension plans, funds-of-funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, governmental entities and public pension plans.

Silversmith and/or its affiliates may establish alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, "AIVs") for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by one or more Silversmith Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable Silversmith Fund

for complete details on any feeder vehicle that may be established by such Silversmith Fund and such Silversmith Fund's ability to make investments through AIVs.

Minimum Investment Requirements

The Silversmith Funds are generally offered to "accredited investors" within the meaning of the Securities Act and/or "qualified purchasers" within the meaning of the Investment Company Act and are therefore not required to register as investment companies under the Investment Company Act in reliance upon the exemptions available under Sections 3(c)(1) and 3(c)(7) thereof.

In general, the minimum investment commitment required of a limited partner to participate in a Silversmith Fund is \$5,000,000; however, the general partner of each Silversmith Fund has discretion to increase or reduce the minimum investment commitment.

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

Investment Strategies

As discussed in Item 4 above, Silversmith's primary investment strategy is to make investments in private lower-middle market companies engaged in the SaaS & Information Services and Healthcare IT & Services sectors. These lower-middle market companies are high-growth companies poised for continued expansion with the potential to become market leaders.

Methods of Analysis

When evaluating a new investment opportunity, Silversmith engages in a due diligence process that is a rigorous exercise across multiple disciplines, including financial, legal, operational, information technology, intellectual property, tax, human resources/benefits, personnel/background checks and insurance. Silversmith also employs specific procedures in an effort to reduce risk during the diligence process, including: (1) multiple onsite visits to the target company over an extended period of time; (2) each managing partner of Silversmith meets the CEO of the target company prior to making an investment (independent of the managing partner leading the investment); (3) hiring of a reputable accounting firm to conduct a detailed quality of earnings analysis which ties company-reported financial performance to the underlying cash flows of the target company's bank accounts; and (4) conducting a formal "bring down" diligence meeting (after the investment has been approved, but before funding capital). Silversmith utilizes numerous third-party consultants as part of its standard due diligence process, as well as leverages current and historical senior executives within its network throughout the process.

Generally, for a Silversmith Fund, each potential investment is evaluated by a formal investment committee process where approval of investment decisions generally requires the unanimous consent of the members of the relevant investment committee. Investors in the Silversmith Funds are requested to refer to the Governing Documents of the applicable Silversmith Fund for complete information on investment strategies and processes employed by such Silversmith Fund.

Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Silversmith will be able to choose, and the Silversmith Funds will be able to make and/or realize, any particular investment or that the Silversmith Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Silversmith Fund. Investing in the Silversmith Funds involves a risk of loss that investors should be

prepared to bear. The discussion below enumerates certain risk factors that apply generally to an investment in a Silversmith Fund. Investors in the Silversmith Funds are requested to refer to the Governing Documents of the applicable Silversmith Fund for complete information on investment strategies employed by such Silversmith Fund and the corresponding risks associated with such investment strategies. Investors in the Silversmith Funds should carefully consider, among other factors, the following material risks involved with Silversmith's investment strategies.

No Assurance of Investment Return. There can be no assurance that any Silversmith Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Silversmith Fund participates. Accordingly, an investment in a Silversmith Fund should only be considered by persons who can afford a loss of their entire investment.

Risks Inherent in Growth Equity Investments. The types of investments that the Silversmith Funds anticipate making involve a high degree of risk. In general, financial and business risks confronting portfolio companies can be significant. While targeted returns are generally expected to reflect the perceived level of risk in any investment situation, there can be no assurance that the Silversmith Fund will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Fund's term, while successes often require a long maturation.

The Silversmith Funds' portfolio companies generally will be developing companies in industry sectors that entail significant operating risk. Many of the Silversmith Funds' portfolio companies will be at an early stage of development which typically involve greater risks than are generally associated with investments in more established companies. Although such investments tend to be less risky than seed capital or early-stage venture, the Silversmith Funds' investments will involve significant financial and business risks. Such companies will have shorter operating histories on which to judge performance and, in many cases, will operate with limited profits, at breakeven or at a loss, or with substantial variations in operating results from period to period. The Silversmith Funds' portfolio companies will often have limited operating histories and products or services with undeveloped markets. Many of the Silversmith Funds' portfolio companies will need substantial additional capital (which may not be available) to support additional research and development activities, expansion, to develop new products, services and distribution capabilities or to achieve or maintain a competitive position. Such companies face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The Silversmith Funds' portfolio companies are also likely to be more susceptible than more established businesses to the negative effects of downturns in general economic conditions or loss of a single or a small number of employees.

Disposing of Growth Equity Investments. The public market for growth companies (including companies in the SaaS & Information Services and Healthcare & IT Services sectors) can be extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Silversmith Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Silversmith Funds. In particular, the receptiveness of potential acquirors to the Silversmith Funds' portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, a Silversmith Fund's stock, security or other interests in the surviving entity may not be marketable. Similarly, the receptiveness of the public market to initial public offerings by the Silversmith Funds' portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, a Silversmith Fund's or the portfolio company's securities typically will be subject to contractual "lock-up," securities law or other restrictions, which may, for a material period of time, prevent the Silversmith Fund

or the Silversmith's Fund's limited partners from disposing of such securities. There can be no guarantee that any portfolio company investment will result in a liquidity event via a merger, acquisition, initial public offering or otherwise, and there is a significant risk that the Silversmith Funds' investments will yield little or no return. Generally, the investments made by the Silversmith Funds will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, investments will be long term in nature and will require many years from the date of initial investment before disposition. It is likely each Silversmith Fund will still hold some illiquid securities at the time it commences its dissolution, with the result that such securities may be distributed to investors in-kind or sold for a price that reflects their illiquid nature (i.e., at a discount to what their value might otherwise be).

Valuation of Silversmith Fund Investments. The Silversmith Funds' investments will consist primarily of investments in privately-held companies, and most of the Silversmith Funds' investments will be difficult to value. There will be no readily available market for most of the Silversmith Funds' investments. Valuations of such investments may vary from similar valuations performed by independent third parties for similar types of securities or assets. The value of the Silversmith Funds' investments may also be affected by changes in accounting standards, policies, or practices. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Silversmith Funds', there is no guarantee that the value determined by the general partner of each Silversmith Fund will represent the value that will be realized by the applicable Silversmith Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Under the terms of the Governing Documents of each Silversmith Fund, the general partner of such Silversmith Fund determines the value of such Silversmith Fund's assets. Limited partners of a Silversmith Fund required to withdraw capital may receive a valuation for their withdrawn capital interest that is less than a previously reported value and is not reflective of transactions which may be under active consideration (such as a public offering or a merger) that would increase substantially the value of the security in question. At the time a Silversmith Fund's limited partner is required to withdraw capital from such Silversmith Fund, the general partner of such Silversmith Fund may be in possession of material nonpublic information affecting the value of such Silversmith Fund's assets. The general partner of the Silversmith Fund may be prohibited by law, agreement, or otherwise from disclosing such information, and accordingly, does not intend to disclose such information to the Silversmith Fund's limited partner proposing to withdraw capital.

Competition for Suitable Investments. The activity of identifying, completing and realizing attractive growth equity investments in general is competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions. A Silversmith Fund may encounter competition from other similarly focused funds formed before or after the establishment of such Silversmith Fund. Potential competitors also include other investment partnerships and corporations, business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. Some of these competitors may have more relevant experience, greater financial resources and more personnel than a Silversmith Fund, Silversmith or its affiliates. It is possible that competition for appropriate investment opportunities may increase, which could negatively impact a Silversmith Fund's ability to consummate investments and adversely affect the terms upon which investments can be made. There can be no assurance that Silversmith will be able to locate and consummate investments that satisfy a Silversmith Fund's rate of return objectives or realize their values or that it will be able to invest fully its aggregate capital commitments. To the extent that Silversmith encounters competition for investments, returns from Silversmith Fund to its limited partners may decrease.

Long-term Nature of Portfolio Investments. There may be a significant period of time before a Silversmith Fund has completed its investment program. Investments may take several years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Losses on

unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Prior to such time, there often will be no current return on the investments of a Silversmith Fund.

Uncertainty of Financial Projections. Financial and other information concerning the investments of a Silversmith Fund will generally only be available through certain sources, including the portfolio companies themselves, and are likely to include assumptions of fact and opinions as to future events which the general partner of such Silversmith Fund believes to be reasonable when made. It is not generally expected that there will be any consistent means, however, of confirming the accuracy of such information. It may also be impractical or undesirable to carry out full time due diligence before an investment is acquired. The portfolio companies may have little or no previous credit histories. The inaccuracy of certain assumptions and general economic conditions, which are unpredictable, can have a materially adverse impact on the reliability of such projections. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from such projections.

Risks From the Provision of Managerial Assistance. A Silversmith Fund may designate directors (and non-executive chairmen) to serve on the boards of directors of its portfolio companies. A board member designated by a Silversmith Fund will likely have fiduciary duties to persons other than the Silversmith Fund. The designation of directors and other measures contemplated could expose the assets of the Silversmith Fund to claims by a portfolio company, its security holders and its creditors for breaches of fiduciary duties, securities claims and other director-related claims. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability for which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to occur, a Silversmith Fund could suffer losses in its investments. While Silversmith and the general partner of each Silversmith Fund intend to maintain appropriate directors and officers insurance and manage each Silversmith Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Reliance on Portfolio Company Management; Lack of Control Rights. The day-to-day operations of each portfolio company in which a Silversmith Fund invests will be the responsibility of such portfolio company's management team. Although Silversmith and the general partner of each Silversmith Fund will be responsible for monitoring the performance of each portfolio company, will seek to negotiate appropriate rights and controls to influence key decisions, and generally intend to invest in portfolio companies operated by capable management teams, there can be no assurance that appropriate control and other rights will be secured in negotiations and/or that the existing management team or any successor management team will be able to operate any such portfolio company in accordance with the Silversmith Fund's expectations. Moreover, growth companies are often more dependent on a smaller group of key personnel than larger companies and thus are often more susceptible to risks associated with the departure of any such key personnel.

Minority Investments. A significant portion of the Silversmith Funds' investments may represent minority stakes in privately held companies (and/or hold positions in portfolio companies where disproportionate voting control (relative to economic ownership) remains with such portfolio companies' founders) and, therefore, will have a limited ability to control various strategic decisions for those portfolio companies. In addition, during the process of exiting investments, a Silversmith Fund is likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that a Silversmith Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Silversmith Funds also invest in

companies for which the Silversmith Fund has no right to appoint a director or otherwise exert significant influence. In such cases, the Silversmith Fund will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Silversmith Fund is not affiliated and whose interests may conflict with the interests of the Silversmith Fund. To the extent that the management of a portfolio company performs poorly, or if a key manager of a portfolio company terminates his or her employment with such company, the Silversmith Fund's investment in such company could be adversely affected. In addition, where a Silversmith Fund holds a minority position in a portfolio company, the Silversmith Fund may also have limited information rights with respect to such portfolio company and thus will receive less information regarding such portfolio company than some or all of its other equity holders.

Controlling Investments. A Silversmith Fund may own a significant portion of the securities of its portfolio companies, including ownership positions which represent a majority of a portfolio company's voting securities. These investments may entitle the Silversmith Fund to elect substantially all of a portfolio company's directors and exert significant influence over a portfolio company's business, operations, affairs and transactions. These capabilities could lead the Silversmith Fund to be viewed as controlling a portfolio company or being considered a controlling stockholder. As a result, the Silversmith Fund may be exposed to claims, lawsuits or investigations by minority stockholders, creditors, government or regulatory authorities or other persons. In the event any such claims were successful, the Silversmith Fund may be held liable for any damages that are awarded or be required to fund any settlement with such parties. Even if such claims, lawsuits or investigations prove to be without merit, the Silversmith Fund would be required to expend significant resources defending itself and its affiliates. In addition, the Silversmith Fund's reputation and goodwill may be harmed if it is considered a controlling stockholder of a portfolio company that is subject to negative publicity.

Limited Number of Investments. Silversmith may intend for a Silversmith Fund to participate in a limited number of investments and, as a consequence, a Silversmith Fund's portfolio may include a small number of large positions. Furthermore, to the extent that the capital raised for a Silversmith Fund is less than the targeted amount, the Silversmith Fund may invest in fewer portfolio companies and thus be less diversified. If a Silversmith Fund's investments are concentrated in a few portfolio companies, affiliated portfolio companies or industries, any adverse change in one or more portfolio companies or industries could have a material adverse effect on the Silversmith Fund's investments. Therefore, while such portfolio concentration might enhance total returns to the Silversmith Fund, if any large position incurs a material loss, returns to the Silversmith Fund may be lower than if it had invested in a more diversified portfolio.

Leverage. Although the Silversmith Funds do not intend to borrow except on a short-term basis, certain portfolio companies in which the Silversmith Funds will invest, and special purpose vehicles through which the Silversmith Funds hold portfolio companies, may be significantly debt-financed by third parties. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve more risk. Because of the use of leverage, economic downturns, operating problems, and other general business and economic risk may have a more pronounced effect on a company's profitability or survivability. Moreover, rising interest rates typically would increase (in some cases significantly) portfolio company interest expense, causing losses and/or the inability to service debt. In addition, cash flow from operations or investment that could otherwise be available to a leveraged portfolio company to fund growth often would instead be diverted to repay the company's debt obligations. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Silversmith Funds may suffer a partial or total loss of their invested capital. A portfolio company's obligations to these lenders will likely be senior to a Silversmith Fund's investment in the company and may also be secured by the assets of the company. The Silversmith Fund's junior status could result in a loss of investment by the Silversmith Fund in liquidations or sale transactions. It may also be necessary from time to time for a leveraged portfolio company to seek refinancing or restructuring of its debt financing, and there can be no assurance that any needed refinancing

or restructuring may be available on terms that are favorable to the Silversmith Fund's investment in the portfolio company. The Silversmith Fund may guarantee the indebtedness of some portfolio companies. Consequently, if a portfolio company's cash flow is insufficient to cover its debt obligations, the Silversmith Fund may be called upon to fund all or a portion of a portfolio company's debt obligations to satisfy such guarantees. This would reduce the amount of capital the Silversmith Fund has available for other purposes and could adversely affect returns to the investors in the Silversmith Fund. In addition, reduced availability of third-party leverage to finance acquisitions of portfolio companies could adversely affect the Silversmith Fund's investment strategy.

Bridge Loans. From time to time, a Silversmith Fund may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future equity investment or issuance, or long-term debt financing, syndication or issuance. Such bridge loans will typically be convertible into more permanent, long-term securities or investments; however, for reasons not always in a Silversmith Fund's control, such long-term securities' issuance or investment or other refinancing or syndication may not occur and such bridge loans and interim investment may remain outstanding. In such event, the interest rate on such loans or terms of such interim investment likely would not adequately reflect the risks associated with the unsecured position taken by such Silversmith Fund.

Follow-On Investments. Following its initial investment in a given portfolio company, a Silversmith Fund may decide to provide additional funds to such portfolio companies or may have the opportunity to increase its investment in a successful portfolio company. There can be no assurance that a Silversmith Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a Silversmith Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

Non-U.S. Investments. A Silversmith Fund may from time to time invest in portfolio companies operating and/or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. Such investments may be subject to certain additional risks not presented by investments in U.S. portfolio companies due to, among other things, potentially unsettled points of applicable governing law, the risks associated with different accounting standards, different legal protections for investors, unusual regulatory burdens, political instability, fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of such Silversmith Fund) and the application of complex tax rules to cross-border investments. Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant foreign risks due to the increasingly international nature of many growth stage companies. Any adverse change to the political, economic, military or social environments in the host countries of a Silversmith Fund's portfolio companies could have a significant adverse effect upon the operations or financial performance of a Silversmith Fund. The foregoing factors may increase transaction costs, adversely impact the value of a Silversmith Fund's investments in non-U.S. portfolio companies and otherwise reduce returns to a Silversmith Fund's investors.

Investments with Third Parties. The Silversmith Funds are typically permitted to partner with third parties to make investments through joint ventures or other entities, including with private equity vehicles sponsored by others, strategic partners, and co-investments with limited partners of a Silversmith Fund. A Silversmith Fund's investments in portfolio companies alongside third parties may amount to a substantial percentage of such Silversmith Fund's total assets. Such investments often involve risks not present in investments where third parties are not involved, including the possibility that a partner alongside a Silversmith Fund in an investment experiences financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which are inconsistent with those of the Silversmith Fund,

may take a different view from the general partner of the Silversmith Fund as to the appropriate strategy for an investment or disposition of an investment, or may be in a position to take action contrary to the Silversmith Fund's investment objectives. In addition, the Silversmith Fund may in certain circumstances be liable for the actions of its third party investment partner. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the investment, including incentive compensation arrangements. Some of the third parties with whom the Silversmith Fund may partner may have pre-existing investments with target portfolio companies, and the terms of such pre-existing investments may differ from the terms upon which the Silversmith Fund invests in such portfolio companies. In addition, such arrangements are likely to involve additional restrictions on the resale of the Silversmith Fund's interest in any such portfolio company.

Litigation Risks. A Silversmith Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of such Silversmith Fund. Legal disputes, involving any or all of the Silversmith Funds, their affiliates, or their portfolio companies, may arise from a Silversmith Fund's activities and investments and could have a significant adverse effect on such Silversmith Fund.

Changes in Environment. A Silversmith Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Silversmith Fund operates may undergo substantial changes, some of which may be adverse to such Silversmith Fund. A drawn-out recession, downturns in the economy, deteriorations in the condition of an industry sector in which a Silversmith Fund has invested or adverse developments in the securities or credit markets may have an adverse impact on some or all of a Silversmith Fund's investments. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by a Silversmith Fund. In addition, factors specific to a portfolio company may have an adverse effect on a Silversmith Fund's investment in such company. The economic environment for all companies may remain challenging. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance. The investment sourcing, selection, management and liquidation strategies and procedures exercised by Silversmith in the past may not be successful, or even practicable, during a Silversmith Fund's term.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a Silversmith Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. A Silversmith Fund may also be required to indemnify the purchasers of such company to the extent that any such representations or representations made by the portfolio company are inaccurate. These arrangements may result in the incurrence of contingent liabilities, which might ultimately have to be funded by the investors in such Fund to the extent of their unpaid capital commitments to such Silversmith Fund or through the return of certain prior distributions.

Item 9 - Disciplinary Information

Silversmith and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither Silversmith nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. In addition, Silversmith and its management persons are not affiliated with any broker-dealer.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

Neither Silversmith nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

Silversmith and its related persons engage in a broad range of activities, including investment activities for their own account. As a result, the interests of a Silversmith Fund may conflict with the interests of Silversmith or its related persons or one or more other Silversmith Funds. Certain of these conflicts of interest are described below (although the discussion below does not necessarily describe all of the conflicts that may potentially be faced by a Silversmith Fund). Please also refer to the subsection titled “*Participation or Interest in Client Transactions; Personal Trading*” and the Governing Documents of each Silversmith Fund for more information, including with respect to transactions that may be subject to specific consent rights. Silversmith and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Silversmith Funds. Silversmith and its related persons manage multiple Silversmith Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the Silversmith Funds. Please refer to the Governing Documents of the relevant Silversmith Fund for complete information on the requisite time commitments (if any) of Silversmith and its related persons to the Silversmith Funds and the allocation of investment opportunities among the Silversmith Funds. Please also refer to the description of Silversmith’s investment allocation policy described in the subsection “*Side-by-Side Management*” above.

Employees of Silversmith and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Silversmith Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. In connection with such activities, employees of Silversmith may be given access to confidential information relating to companies in which the Silversmith Funds invest or may otherwise become subject to legal or contractual restrictions on their ability to effect transactions for the Silversmith Funds. As a result, the Silversmith Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the Silversmith Funds. The above individuals may spend a substantial portion of their time with these related management activities.

From time to time, certain Silversmith Funds may hold or may acquire positions in portfolio companies in which other Silversmith Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which a Silversmith Fund and one or more other Silversmith Funds have invested may not necessarily be pro rata based on existing ownership in such companies. Where investments by multiple Funds in the same company are made at different times or in different proportions, conflicts of interest with regard to valuation, exit timing and other matters can arise. In addition, conflicts may arise in the event that the Silversmith Funds have invested in securities of

the same company with different rights. Silversmith will use its good faith judgment in addressing any such conflicts.

Investments by a Silversmith Fund may cause Silversmith and its related persons to become subject to legal or contractual restrictions on their ability to effect transactions for other Silversmith Funds, for example due to the receipt of non-public information or due to the existence of a control relationship between Silversmith and a portfolio company. In addition, it is possible that in a bankruptcy proceeding a Silversmith Fund's interest in a portfolio company may be adversely affected by another Fund's involvement and such other Fund's actions relating to its investment.

From time to time, a portfolio company of a Fund may engage in commercial transactions or other transactions (such as a merger or acquisition) with a portfolio company of a different Fund. Depending on the nature of the transaction, a transaction between portfolio companies of different Silversmith Funds can create potential conflicts of interest. Silversmith anticipates that material transactions between portfolio companies would generally be on arms'-length terms or on other terms considered equitable to both companies under the circumstances.

Silversmith will determine all matters relating to structuring transactions, including the amount and terms of securities, allocation of securities among the relevant Silversmith Funds and amounts potentially available for co-investment opportunities, using its best judgment considering all factors it deems relevant and subject to any specific consent or other requirements under the Governing Documents or "side letters" for the relevant Silversmith Funds.

Selection or Recommendation of Other Advisers

Silversmith does not recommend or select other investment advisers for its clients and does not receive compensation from such advisers in a manner that would create a material conflict of interest. Silversmith does not have other business relationships with other advisers that create a material conflict of interest.

Other Activities and Relationships

The employees of Silversmith and its affiliates may serve on the boards of directors of portfolio companies of the Silversmith Funds. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Silversmith Fund.

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

Code of Ethics

Silversmith has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing Silversmith's commitment to ethical conduct. Silversmith's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, Silversmith's policies and procedures for (i) identifying, escalating and addressing any potential conflicts of interest, (ii) monitoring and preventing Silversmith or its supervised persons from engaging in insider trading, (iii) pre-clearance requirements, trading restrictions and reporting requirements for Silversmith's supervised persons' personal securities transactions, (iv) the receipt of gifts by supervised persons and the making of political campaign contributions, and (v) pre-approval of the engagement by Silversmith's employees in certain outside business activities. Under Silversmith's Code of Ethics, all supervised persons have a duty to act only in the best interests of the Silversmith Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to Silversmith's Chief Compliance Officer ("CCO"). All supervised persons must

acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of Silversmith that no person employed by Silversmith shall prefer his or her own interest to that of a Silversmith Fund or make personal investment decisions based on the investment decisions of the Silversmith Funds.

To supervise compliance with its Code of Ethics, Silversmith requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the firm's CCO. Silversmith requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by Silversmith's personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

Silversmith requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Silversmith also has a policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

Silversmith will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners and/or managing members of the general partners (or equivalent control person) of each of the Silversmith Funds, Silversmith and its related persons generally have indirect beneficial interests in the securities owned by the Silversmith Funds and will share in any profits and losses generated by the Silversmith Funds' investments. Moreover, in certain situations, related persons of Silversmith may purchase interests in the same portfolio investments held by one or more Silversmith Funds. All such transactions are subject to compliance with Silversmith's Code of Ethics as described above. Any access person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or indirect interest in a Silversmith Fund) must affirmatively disclose that interest to the CCO if such access person is involved in considering or determining any subsequent investment decision regarding an investment by a Silversmith Fund in any security of that issuer or an affiliate.

Silversmith and/or certain related persons of Silversmith may, from time to time, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Silversmith Funds in connection with certain "warehousing" transactions, provided that the sale is consistent with Silversmith's fiduciary obligations to the Silversmith Funds. Such transactions will be fully disclosed and the written consent of the appropriate Silversmith Fund (which, in certain circumstances, may be provided by the Silversmith Fund's advisory committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute "principal transactions" under Section 206(3). In addition, investment guidelines and the Governing Documents of a Silversmith Fund may limit principal transactions on a more restrictive basis than the Advisers Act.

Moreover, Silversmith may cause a Silversmith Fund to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another Silversmith Fund, provided that the transfer is consistent with Silversmith's fiduciary obligations to each Silversmith Fund participating

in the cross transaction. Typically, the Governing Documents of a Silversmith Fund address permissible cross transactions and any applicable disclosure and/or Silversmith Fund consent requirements. Silversmith Funds that are formed as “parallel funds” to co-invest in all investments such Silversmith Funds make will typically engage in re-balancing “cross transactions” pursuant to the terms of their Governing Documents as the relative capital commitments between the parallel funds change during their respective fund-raising periods.

While Silversmith endeavors at all times to act in the best interests of the Silversmith Funds, investors should be aware that such transactions create a potential conflict of interest.

Item 12 - Brokerage Practices

Discretionary Brokerage

The Silversmith Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities from time to time. Subject to the investment objectives, policies and restrictions of each Silversmith Fund, as set forth in such Silversmith Fund’s Governing Documents, Silversmith will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Silversmith Funds and negotiate the commission cost to be paid.

In selecting brokers, Silversmith’s primary consideration will be to obtain the most favorable net result for the Silversmith Funds under the circumstances, which may involve considerations other than achieving the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, Silversmith seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker’s execution abilities, commission rates, and financial responsibility and responsiveness. Silversmith will not necessarily select the broker-dealer offering the lowest commission cost. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research and Soft Dollar Benefits

Silversmith does not engage in soft dollar arrangements with respect to securities transactions for the Silversmith Funds.

Any research services and/or other products or services that are provided to Silversmith by brokers and dealers may be used for the benefit of all clients of Silversmith and do not necessarily benefit solely the Silversmith Fund from which the commissions were generated. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to the Silversmith Funds, but does create a potential conflict of interest of which investors should be aware in assessing Silversmith’s choice of broker-dealers.

Brokerage for Client Referrals

In determining its selection of broker-dealers, Silversmith does not consider whether Silversmith receives referrals of potential investors from a broker-dealer or third party.

Directed Brokerage

Silversmith has discretionary authority to select the brokers or dealers in connection with securities transactions of the Silversmith Funds, and investors are not permitted to direct Silversmith to use a particular broker or dealer to execute portfolio transactions on behalf of a Silversmith Fund.

Trade Aggregation

In circumstances where Silversmith is trading in public securities it will, to the extent possible, generally place a combined order for two or more Silversmith Funds engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Silversmith Funds' Governing Documents, and otherwise in the best interest of the Silversmith Funds.

Item 13 - Review of Accounts

Review of Client Accounts

Silversmith will continuously monitor portfolio investments on behalf of the Silversmith Funds. Investments are reviewed in the context of each Silversmith Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Silversmith Fund. Members of Silversmith's investment committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Silversmith Funds.

Reports to Clients

The general partners of each Silversmith Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the Silversmith Fund and the audited financial statements of the Silversmith Fund. The quarterly reports generally contain unaudited financial statements of the Silversmith Fund for the fiscal quarter.

Investors are requested to refer to the Governing Documents of each Silversmith Fund for further information on the reports provided by a particular Silversmith Fund to its investors.

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

From time to time, in connection with investments made by certain Silversmith Funds, Silversmith or its affiliates or supervised persons may receive directors, consulting, monitoring, investment banking, transaction, break-up and/or similar fees or other remuneration paid in cash or in kind from portfolio companies in which one or more of the Silversmith Funds may invest or propose to invest.

These types of arrangements present potential conflicts of interest and provide Silversmith with an incentive to recommend investments based on compensation received rather than the best interests of a Silversmith Fund. To mitigate potential conflicts of interest, Silversmith will generally offset such benefits against advisory fees payable by the applicable Silversmith Fund or otherwise remit such benefits to the limited partners of such Silversmith Fund to the extent required by such Silversmith Fund's Governing Documents. Investors are requested to refer to the Governing Documents of each of the Silversmith Funds for complete information on the additional compensation received by Silversmith or its affiliates or supervised persons

in connection with a particular Silversmith Fund's investments and the amount of the applicable advisory fee offset. Silversmith believes that the management fee offset provisions above, to the extent applicable to a particular Silversmith Fund, and the substantial equity commitment by Silversmith and its affiliates in the Silversmith Funds helps to mitigate conflicts of interest arising from the receipt by Silversmith and its affiliates and supervised persons of such compensation from portfolio companies.

Third Party Compensation for Client Referrals

Silversmith and related entities of Silversmith may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a Silversmith Fund. Any sales charge associated therewith will ultimately be payable by Silversmith and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Silversmith Fund to Silversmith. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, as described above, Silversmith may consider referrals of investors to the Silversmith Funds in determining its selection of third party service providers.

Silversmith endeavors at all times to put the interests of the Silversmith Funds first as part of Silversmith's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to Silversmith and the Silversmith Funds.

Item 15 - Custody

Silversmith uses unaffiliated, qualified, third-party custodians to hold the assets of the Silversmith Funds in a manner that it believes complies with current SEC standards and guidance. Nevertheless, Silversmith will generally be deemed to have custody of the assets of the Silversmith Funds as a result of its position as an affiliate of the general partner of each Silversmith Fund.

It is Silversmith's general policy to cause each Silversmith Fund with assets over which Silversmith is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared, subject to any limitations in the relevant Governing Documents, in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Silversmith Fund, Silversmith will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Silversmith Fund to all investors in accordance with the relevant Governing Documents. For these Silversmith Funds, investors will not receive account statements from the bank or other qualified custodian holding physical custody of such Silversmith Fund's securities.

In the cases where a Silversmith Fund does not deliver audited financial statements to investors as provided above, a qualified custodian will send quarterly account statements to each investor in such Silversmith Fund. Investors should review these account statements carefully. If Silversmith, on behalf of the Silversmith Fund, also provides investors in such Silversmith Fund with a quarterly report detailing account holdings for such Silversmith Fund, investors are urged to compare the account statements received from the Silversmith Fund with account statements received from the qualified custodian.

Item 16 - Investment Discretion

Subject to the investment objectives, policies and restrictions of each Silversmith Fund as set forth in the Governing Documents of such Silversmith Fund, Silversmith and/or an affiliate of Silversmith, typically the general partner of the applicable Silversmith Fund, has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Silversmith Fund.

Silversmith is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

The terms upon which Silversmith serves as an investment manager with respect to any Silversmith Fund are established at the time that such Fund is formed and generally are set forth in such Silversmith Fund's Governing Documents. Silversmith's investment advice is provided directly to the Funds and not to investors in the Silversmith Funds individually. Silversmith is not required to contact investors in the Silversmith Funds prior to transacting any business for the Silversmith Funds.

To invest in a Silversmith Fund, an investor must execute a subscription agreement (or similar agreement) with such Silversmith Fund. Investors in a Silversmith Fund may seek to impose limitations on Silversmith's authority with respect to such Fund through "side letter" or similar agreements, and Silversmith, in its discretion, may choose to accept limitations or restrictions that it considers to be reasonable and consistent with the general investment strategy described in such Silversmith Fund's Governing Documents.

Item 17 - Voting Client Securities

Because Silversmith has, or will accept, authority to vote securities held by a Silversmith Fund, it has adopted policies and procedures (the "Proxy Voting Policies and Procedures") that have been designed to ensure that Silversmith complies with the requirements of the Advisers Act and reflect Silversmith's commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the Silversmith Funds.

When exercising its voting authority over client securities, Silversmith considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. Silversmith votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner consistent with the Proxy Voting Policies and Procedures and Silversmith's fiduciary duties to the Silversmith Funds.

Silversmith reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Silversmith Fund. As a result, depending on the Silversmith Fund's particular circumstances, Silversmith may vote one Silversmith Fund's securities differently than it votes those of another Silversmith Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, Silversmith may determine that it is in a Silversmith Fund's best interest for Silversmith to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, Silversmith, in consultation with its managing partner, the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of Silversmith, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, Silversmith takes steps to ensure that its voting decision is based on the best interests of the applicable Silversmith Funds and is not a product of the conflict. Silversmith may, at its discretion, (A) seek the advice of the applicable advisory committee in voting such security (if any); (B) disclose the conflict of interest to the limited partners of the Silversmith Fund and defer to the Silversmith Fund's voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with Silversmith's outside counsel) which would serve the best interest of the Silversmith Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution

of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

Silversmith will deliver to each limited partner of a Silversmith Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Silversmith Fund.

Item 18 - Financial Information

Silversmith has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.