

**GEMSPRING CAPITAL MANAGEMENT, LLC PART 2A OF FORM ADV: FIRM
BROCHURE**

Gemspring Capital Management, LLC

**17 Bridge Square
Westport, CT 06880
March 25, 2019**

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Gemspring Capital Management, LLC (“Gemspring”). If you have any questions about the contents of this Brochure, please contact Malcolm Applebaum, Gemspring’s Chief Compliance Officer at (203) 842-8941 or mal@gemspring. 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.

Gemspring is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. However, references to Gemspring as a registered investment adviser does not imply a certain level of skill or training.

Additional information about Gemspring is also available on its website at <http://www.gemspring.com> or on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Gemspring filed its most recent Form ADV Part 2A on March 20, 2018. This annual amendment updates the description of the business practices of Gemspring and its affiliates.

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Item 4: Advisory Business

Item 4.A.

Gemspring Capital Management, LLC (“**Gemspring**”), a Delaware limited liability company, was formed in October 2015. Gemspring’s principal place of business is in Westport, Connecticut. As indicated on the Firm’s Form ADV Part 1A, Bret Wiener, the Firm’s Managing Partner, is Gemspring’s principal owner.

Item 4.B.

Gemspring is an investment management firm that provides discretionary advisory services to the following (each a “**Fund**,” and together with any future private investment fund to which Gemspring or its affiliates provide investment advisory services, the “**Funds**”) Gemspring Capital Fund I, LP, a Delaware limited partnership (“**Fund I**”), Gemspring Capital Fund I-A, LP, a Delaware limited partnership (the “**Blocker Fund**”), and a co-investment fund for certain Gemspring personnel, Executive Advisors (defined below), certain investors and other persons, including market participants, finders, consultants, other service providers and certain other persons associated with the Firm (the “**Executive Fund**”). Gemspring has retained Gemspring Capital GP I, LP as the general partner of Fund I and the Blocker Fund and Gemspring Capital Executive GP I, LLC as the general partner of the Executive Fund (together, the “**General Partners**”, and collectively with Gemspring and their current and future affiliated entities, the “**Firm**”) to manage the investment program of their respective Funds. The General Partners control the business and affairs of their respective Funds. The General Partners are subject to the Investment Advisers Act of 1940, as amended (“**Advisers Act**”), pursuant to Gemspring’s registration in accordance with Securities and Exchange Commission (“**SEC**”) guidance. See Item 10. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Gemspring.

The Funds are private equity funds and generally invest through negotiated transactions in common stock, limited liability company interests or partnership interests or in securities convertible into common stock, limited liability company interests or partnership interests, including preferred stock debentures of lower middle market companies (each, a “**Portfolio Investment**” and collectively, the “**Portfolio Investments**”) through buyouts and significant minority transactions in each company (each, a “**Portfolio Company**”, and collectively, the “**Portfolio Companies**”). Although investments are made predominantly in non-public companies, investments in public companies are permitted under certain circumstances. From time to time, where such investments consist of Portfolio Companies, the senior principals or other personnel of Gemspring or its affiliates generally serve on such Portfolio Companies’ respective boards of directors or otherwise act to influence control over management of Portfolio Companies in which the Funds have invested.

The Funds will occasionally buy debt, make loans or extend credit but anticipate doing so primarily in connection with acquiring control of the target company. The Funds may extend secured bridge financings to Portfolio Companies, including before a permanent capital structure is in place. Gemspring intends to use structures opportunistically to take advantage of collateral protection and mitigate downside risk. The Funds will seek to primarily invest approximately \$10 million to \$40 million of equity per transaction to acquire control positions in North American headquartered companies, although investments may also be made outside of this range.

Item 4.C.

Gemspring provides discretionary investment management and advisory services to the Funds pursuant to the terms of the private placement memorandum or other offering documents (each, a “**Memorandum**”), limited partnership agreements or other operating agreements or governing documents (each, a “**Partnership Agreement**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss”. Gemspring’s services consist of managing each of the Funds’ portfolios,

including sourcing, selecting, determining investments in, and monitoring investments of the Funds and the execution of transactions on behalf of the Funds.

Additionally, as further described herein and in the Memorandum and/or the Partnership Agreements, the Firm has the right to retain certain operating professionals to provide services to (or with respect to) one or more Funds or certain current or prospective Portfolio Companies in which one or more Funds invest (each an “**Executive Advisor**,” and collectively, the “**Executive Advisors Group**”). Such Executive Advisors Group members generally will not be employees of Gemspring (but may include affiliates of Gemspring, employees of such affiliates, third party consultants, “operating partners,” “strategic partners,” “executive partners” or “senior advisors”), and will provide services in relation to the identification, acquisition, holding, improvement and disposition of Portfolio Companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for Portfolio Companies.

Executive Advisors Group members generally receive compensation, including, but not limited to consulting fees, transaction fees, a profits or equity interest in a Portfolio Company, profits or equity interests in one or more Funds or the General Partners, stock awards, incentive-based compensation or other compensation, which typically will be determined by the General Partners. Such compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the Portfolio Company, the invested capital exposed to such Portfolio Company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Executive Advisors Group members who hold a board seat at a Portfolio Company also would be expected to receive compensation for their board service. Any such compensation received by an Executive Advisors Group member may be paid and/or reimbursed by a Portfolio Company or prospective Portfolio Company or directly by a Fund, and no such amounts will result in offsets to the Management Fee. The Executive Advisors Group members may also invest in the Funds. Any use of an Executive Advisors Group is expected to subject the Advisers to conflicts of interest, as discussed under “Conflicts of Interest,” below.

Gemspring is responsible for investing the assets of each Fund in accordance with the investment objectives, policies, and guidelines set forth in its Memorandum and Partnership Agreements. Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Funds or the General Partners have in the past, and may in the future, enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, the Firm expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles such as the Executive Fund) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Gemspring’s personnel and/or certain other persons associated with Gemspring and/or its affiliates (e.g., a vehicle formed by Gemspring’s principals to co-invest alongside the Funds’ transactions). Such co-investments typically involve investment and disposal of interests in the applicable Portfolio Company at the same time and on the same terms as the Funds. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the Portfolio Company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Gemspring’s sole discretion, Gemspring is authorized to charge interest on the purchase to the co-investor or co-invest vehicle to seek reimbursement to the relevant Fund for the holding period,

and generally will be required to reimburse the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

Item 4.D.

Gemspring does not participate in a wrap fee program.

Item 4.E.

As of December 31, 2018, Gemspring managed approximately \$396,443,790 in client assets on a discretionary basis. Gemspring does not intend to manage any of its clients' assets on a non-discretionary basis.

Item 5: Fees and Compensation

In general, Gemspring receives a management fee and each General Partner is entitled to carried interest in connection with advisory services. Gemspring or other Firm entities or affiliates receive additional compensation in connection with management and other services performed for Portfolio Companies of Funds and such additional compensation offsets in whole or in part the management fees otherwise payable to Gemspring. In addition, in certain circumstances the Firm receives compensation for management and other services performed in connection with co-investments made in Portfolio Companies of the Funds. Investors in a Fund also bear certain expenses.

Item 5.A.

During the investment period, each of the Funds pays its General Partner, quarterly in advance, an annual management fee (the “**Management Fee**”) equal to 2% on an annual basis of aggregate non-affiliated investor capital commitments (as it pertains to each Fund, “**Commitments**”). An investor participating in a Fund’s closing after such Fund’s effective date (as further described in such Fund’s Partnership Agreement, the “**Effective Date**”) bears the Management Fee from such Fund’s effective date and, in addition, is charged an amount equal to the product of (i) the prime rate plus 2% per annum multiplied by (ii) the amount of such assessed Management Fee, calculated from the date such Management Fee payments would have been due if such investor was admitted for its full Commitment on or prior to such Fund’s effective date. Commencing with the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events as set forth in the Partnership Agreement, the Management Fee equals 2% of aggregate investment contributions, less certain amounts, and subject to the calculation specified in the relevant Partnership Agreement. The General Partner may elect to waive a portion of the Management Fee in exchange for a reduction in the General Partner’s cash capital contribution obligation and / or a corresponding interest in Fund profits.

The Management Fee commences as of the Effective Date based on aggregate Commitments, regardless of when an investor is actually admitted. Except as otherwise agreed, each General Partner and investors who are affiliates, employees or other designees of such General Partner are not subject to carried interest or the Management Fee. Each General Partner is permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the applicable General Partner and/or its affiliates, or through other Funds which co-invest with a Fund, such as the Executive Fund.

The precise amount of, and the manner and calculation of, the Management Fee for each Fund are established by the Firm, in negotiations with Fund investors, and are set forth in such Fund’s Partnership Agreement. The Management Fee, if any, for co-investments or co-investment vehicles, is negotiated by the Firm and the co-investors. Investors in the Executive Fund do not pay a Management Fee.

Item 5.B.

Fees may be paid from current income and investment proceeds of the Funds and/or, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Item 5.C.

The Management Fee with respect to a Fund is reduced by such Fund's allocable portion of Transaction Fees (as defined in the Partnership Agreement and/or Memorandum) by an amount equal to 80% of such allocable portion of Transaction Fees attributable to non-affiliated investors. "Transaction Fees" include: (i) directors' fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) break up fees with respect to Fund transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth in the Partnership Agreement; but not including any amount received by the General Partner, the Executive Advisors (as defined below) or other person from a Portfolio Company, (A) as reimbursement for expenses directly related to such Portfolio Company, (B) as payment for services provided to any Portfolio Company in the ordinary course of such Portfolio Company's business, (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such Portfolio Company or (D) as compensation, including fees, incentive equity or other stock awards, for services rendered by certain persons or service providers designed by the General Partner to a Portfolio Company or prospective company. Various costs and expenses reduce Transaction Fees (and therefore such amounts do not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees.

As a matter of practice, the Firm is expected to be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees related to the co-investors investment does not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund, in most cases, only benefits with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors.

The Partnership Agreements permit the applicable General Partner to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Partnership Agreement as a deemed capital contribution by the General Partner, which is effectively invested in the Funds on the applicable General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute. The investors may be required to make a pro rata contribution according to their respective commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed or not be fully realized by investors.

Other Fees

Each Fund reimburses its General Partner for each Fund's and its affiliated entities' organizational and startup expenses (as further described in the Partnership Agreement), including travel, printing, legal, capital raising, accounting, regulatory compliance (including the initial compliance contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), any administrative or other filings and other organizational expenses. The General Partner bears the cost (through an offset against the Management Fee or otherwise) of all such organizational expenses of a Fund in excess of the

amounts described in such Fund's Partnership Agreement, and of any placement fees payable to any placement agent in connection with the formation of the Funds.

In addition to the Management Fee and carried interest payable to the Firm, each Fund bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, a Fund pays all other fees, costs, expenses, liabilities and obligations relating to the Fund and its activities, business, Portfolio Companies or actual or potential investments to the extent not borne or reimbursed by a Portfolio Company or applied to reduce transaction fees, including, but not limited to, all fees, costs, expenses, liabilities and obligations attributable to: (i) activities with respect to origination and sourcing of investment opportunities for the Funds, including meeting with broker-dealers, investment banks and other sources of investments and developing an investment pipeline, such as attending industry conferences and industry events, (ii) activities with respect to the structuring, organizing, negotiating, acquiring, financing, re-financing, hedging, holding, managing, monitoring, operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, the Funds' Portfolio Companies and its actual and potential investments (including follow-on investments) or in seeking to do any of the foregoing, whether or not any contemplated transaction is consummated and whether or not such activities are successful, (iii) indebtedness of, or guarantees made by, the Funds, Gemspring, the Firm or any "affiliated partner" on behalf of the Funds, including interest with respect thereto, or of seeking to put in place any such indebtedness or guarantee, (iv) broker, dealer, underwriting (including, without limitation, both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services, (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services, (vi) legal, accounting, auditing, administration (including fees and expenses associated with the Funds' third-party administrator, if any), information, appraisal, advisory, valuation, research, consulting (including consulting and retainer fees paid to certain persons or service providers selected by the General Partner or any of its members, consultants performing investment initiatives and other similar consultants), tax and other professional services, (vii) reverse breakup, termination and other similar fees, (viii) financing, commitment, origination and similar fees and expenses, (ix) directors and officers liability, errors and omissions liability and other insurance and regulatory expenses, (x) filing, title, transfer, registration and similar fees and expenses, (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative or regulatory filings or reports (including Form PF and any Fund-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information (including an allocable portion of any licensing, maintenance, upgrade and / or implementation fees, expenses and costs of any investor administrative tools (including software and extranet tools) related to the foregoing), (xii) any activities with respect to protecting the confidential or non-public nature of any information or data, (xiii) proceedings of the Funds' advisory board (including any reasonable out-of-pocket costs and expenses incurred by the members in attending such meetings), (xiv) indemnification, except to the extent the Funds' payment of such cost, expense, liability or obligation is otherwise prohibited by the Partnership Agreement, (xv) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith, (xvi) any taxes, fees and other governmental charges levied against the Funds, (xvii) the annual investor meeting and any other conference or meeting with any investor (s), (xviii) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, Portfolio Companies or actual or potential investments (to the extent not borne or reimbursed by a Portfolio Company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation of any feeder vehicles to the extent not paid by the investors investing in such entities, (xix) expenses incurred in connection with the winding-up or liquidation of the Funds, (xx) expenses relating to defaults by Partners (as defined below) in the payment of any capital contributions, (xxi) expenses incurred in connection with any amendments to the constituent documents of the Funds and related entities, (xxii) any and all expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Funds (including, but not limited to,

regulatory expenses of the General Partner incurred in connection with the operation of the Funds) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Funds, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification; (xxiii) expenses incurred in connection with distributions to the Partners and other expenses associated with the acquisition, holding and disposition of the Funds' investments, including extraordinary expenses, (xxiv) unreimbursed expenses and unpaid fees of the Executive Advisors Group or its members, (xxv) any travel, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities and (xxvi) expenses related to any compliance or regulatory matters related to the Funds.

The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of the Firm. Excluded from Fund expenses are ordinary administrative and overhead expenses of the General Partner incurred in connection with managing, originating and monitoring investments, including employees' salaries, rent, utilities and other similar expenses specified in the relevant Partnership Agreement. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, such fees are incurred in accordance with the general practices set forth in "Brokerage Practices."

In the event that the Blocker Fund proposes to structure an investment using a blocker corporation or other intermediate entity to avoid causing investors of the Blocker Fund to incur unrelated business taxable income or income "effectively connected with the conduct of a trade or business within the United States," all costs, expenses and reduction in proceeds attributable to such blocker corporation or other intermediate entity, including those related to the structuring, formation, operation and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other intermediate entity will be borne solely by the investors investing through such intermediate entity.

Each General Partner and/or its affiliates generally has discretion over whether to charge transaction fees, monitoring fees or other compensation to a Portfolio Company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally gives rise to potential conflicts of interest between the Funds, on the one hand, and the General Partners and/or their affiliates on the other hand.

Additionally, as further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is Gemspring's practice to retain certain executive advisors to provide services to (or with respect to) the Funds or certain current or prospective Portfolio Companies in which the Funds invest. Such Executive Advisors generally provide services in relation to the identification, acquisition, holding, improvement and disposition of Portfolio Companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for Portfolio Companies. Executive Advisors generally receive compensation, including, but not limited to consulting fees, transaction fees, a profits or equity interest in a Portfolio Company, profits or equity interests in one or more Funds or the General Partners, stock awards, incentive-based compensation or other compensation, which typically will be determined by the General Partners. Such compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the Portfolio Company, the invested capital exposed to such Portfolio Company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Executive Advisors Group members who hold a board seat at a Portfolio Company also would be expected to receive compensation for their board service. Pursuant to the Partnership Agreements of the Funds, Executive Advisors Group members also generally will be reimbursed for certain travel and other costs in connection with their services that are not otherwise reimbursed by a Portfolio Company. Any such compensation or reimbursement received by an Executive Advisors Group member may be paid and/or reimbursed by a Portfolio Company or prospective Portfolio Company or directly by a Fund, and no such

amounts will result in additional offsets to the Management Fee. Certain Executive Advisors Group members may also invest in the Funds. The use of Executive Advisors subjects Gemspring to conflicts of interest, as discussed under “Conflicts of Interest,” below.

Item 5.D.

The Funds pay a non-refundable management fee in advance as set forth in Item 5A above. Withdrawals of capital from Funds generally are not permitted. The Funds generally invest on a long-term basis. Accordingly, management fees are paid, except as otherwise described in the Partnership Agreement, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds. Installments of the management fee payable for any period other than a full calendar quarter are adjusted on a pro rata basis according to the actual number of days in such period.

Item 5.E.

Neither Gemspring nor its supervised persons are compensated for the sale of securities or other investment products, and mutual funds.

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

Certain of Gemspring’s affiliates generally are entitled to receive carried interest distributions with respect to the Funds. The carried interest or incentive distribution is effectively equivalent to a percentage of a Fund’s net profits, subject to certain terms and conditions set forth in the Partnership Agreements of the Funds. Any share of Fund net profits paid to Gemspring’s affiliate is separate and distinct from any annual Management Fees and other fees paid or borne by the Funds. As a fiduciary, Gemspring recognizes that it must treat all its clients fairly and must refrain from favoring one client’s interests (or Gemspring’s own interests) ahead of another client(s). Certain investors in the Executive Fund do not pay carried interest.

Carried interest distributions could motivate Gemspring to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. For example, a carried interest distribution generally entitles Gemspring’s affiliate to a percentage of the net profits of a Fund; however, such affiliate is not required to bear the same proportion of the net losses, if any, suffered by the Funds as a whole. Gemspring generally attempts to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital, a preferred return and expenses be returned to investors before Gemspring’s affiliate is entitled to receive any carried interest distributions; (ii) the requirement that Gemspring and/or its affiliates have a capital commitment to the applicable Fund; and (iii) the periodic clawback obligations of Gemspring’s affiliate.

The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of Gemspring’s individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. Each General Partner generally has the authority to waive carried interest with respect to certain affiliated partners and other investors as described under “Fees and Compensation.”

In general, Gemspring attempts to address any material conflicts through full and fair disclosure in the applicable offering documents and this Brochure, together with disclosures to the applicable advisory boards, as applicable.

Item 7: Types of Clients

Gemspring provides discretionary investment management services to the Funds. The Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt

investment pools under the Company Act. The investors participating in the Funds may include high-net worth individuals and institutional clients, and principals or other employees of Gemspring and its affiliates and members of their families, members of the Executive Advisors Group or other service providers retained by the Firm.

The minimum initial capital commitment generally required for an investor in a Fund is set forth in each Fund's offering documents (subject to Gemspring's discretion to accept a lesser amount). Generally, investors in the Funds must be "accredited investors," as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and "qualified purchasers" as that term is defined under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder, unless such requirements are waived in the discretion of the Fund's General Partner (or qualified knowledgeable Firm personal).

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

Item 8.A.

The Firm normally seeks to acquire control positions in North American headquartered companies within certain Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") between \$5 million and \$25 million that Gemspring believes are under-optimized. The Firm has a broad sector focus with a bias toward services and against cyclical and capital intensity.

Gemspring targets situations in which it believes value is obscured by complexity and sale process inefficiency that attract fewer competing buyers. Business complexity can include a mismanaged business, under-invested or orphaned assets, operational inefficiencies, poor strategic positioning, management challenges, and/or financial distress. Industry complexity can include out of favor sectors, industry transitions and/or industries facing regulatory challenges. Sale-process inefficiency can include proprietary situations, broken auctions, poorly marketed assets, motivated and forced sellers, transactions that need to be closed on an expedited basis, situations in which there are imperfect due diligence information and/or the opportunity to employ creative deal structures.

Gemspring invests with a value orientation and avoid paying premium prices for assets. Nonetheless, the Firm targets companies that it believes are fundamentally high quality businesses.

Typical characteristics of Gemspring targets include:

- Attractive secular trends, not highly cyclical and limited risk of technological disruption
- Differentiated product or service offering
- Market leadership and strong competitive positioning
- Opportunity to gain share and outpace growth of target industry
- Diversified base of recurring revenues
- Opportunity to add revenue through sizeable customer wins and benefit from significant operating leverage
- Attractive free cash flow characteristics / capital efficient business model
- High return on organic investment opportunities

A cornerstone of Gemspring's investment process is to identify multiple levers to drive valuation creation over the course of the Funds' ownership. The Firm will take a hands-on approach in seeking to driving growth and operating efficiencies and mitigating the risk and complexity that was present at the time of acquisition.

Gemspring seeks to generate attractive returns by acquiring what it believes are fundamentally good businesses with a perceived margin of safety and driving significant organizational and operational change

which the incumbent ownership or management teams are unwilling or unable to effect. Gemspring seeks to underwrite individual investments to a broad range of outcomes in efforts to protect against principal loss, which combines a perceived measured margin of safety with a real path to targeted returns. Gemspring targets transactions in which there are multiple potential levers to drive enterprise value creation and an outsized return opportunity. Gemspring seeks to avoid losses, not because business risks will be avoided, but because value purchase prices and operational involvement typically enable recovery and/or small profit in the event upside cases are not achieved.

In order to close on a target of two to three transactions per year, Gemspring reviews a significant number of opportunities annually in order to narrow the funnel down to approximately 100 management meetings. To maintain value discipline and selectivity, the Gemspring Investment Team (as defined below) is efficiently involved in multiple investment situations at once.

The Investment Team seeks to proactively source opportunities through a thematic, top-down approach by engaging in “deep dives” of particular sectors of opportunistic interest regularly interfacing with management teams, establishing and maintaining a dialogue with intermediaries, lenders and consultants with expertise in the relevant space, study industry research, trade journals and periodicals and attend trade conferences and summits.

The business development team seeks to actively source investments from a large universe of intermediaries, including investment bankers, business brokers, specialty consultants, restructuring groups and lenders. Through targeted screenings, the business development team is also tasked with conducting direct outreach to company management and ownership groups, building relationships which are expected to result in Gemspring obtaining access to proprietary investment opportunities. In addition to outbound calling efforts, the business development team regularly schedules in-person meetings with intermediaries and attends numerous conferences and networking events, in an effort to consistently expand the Firm’s database of contacts.

Gemspring seeks to leverage its Executive Advisors to identify and diligence potential investment opportunities. Executive Advisors accompany Gemspring to meetings with management teams and provide valuable introductions to businesses in need of a capital partner who have not yet engaged an intermediary or launched a formal process.

Gemspring’s due diligence begins during the origination process, and business development professionals are focused on generating deal volume with a hand-off to the Investment Team for initial screening. Every investment professional has origination responsibilities, and their dialogue with proprietary and intermediated deal sources is focused on generating as much quality volume as possible while collecting valuable initial due diligence information. Initial screening is focused on risk analysis and assessment of value creation potential. Following initial screening, new opportunities are presented at a weekly Investment Committee meeting attended by all Gemspring investment professionals.

Following sign-off to proceed with evaluation of the opportunity during the initial Investment Committee discussion, internal and external due diligence resources are systematically ramped up commensurate with an investment opportunity’s attractiveness and likelihood of meeting Gemspring’s value expectations. This helps to insure that Gemspring is effectively deploying resources against its significant origination volume as described below.

Gemspring dedicates significant time and resources during the underwriting process to develop a discrete list of initiatives designed to i) resolve the underlying complexities facing a prospective Portfolio Company; and ii) identify actionable opportunities for growth and expansion. The first six to twelve months after an acquisition by the Funds are expected to be characterized by intense engagement with management to set the strategy for the business and finalize the growth and profit improvement plan.

In each investment, Gemspring seeks to assemble a strong management team to not only ensure the proper execution of key initiatives but also to make its Portfolio Companies attractive targets to future buyers. In the months following an acquisition, Gemspring's engagement with a Portfolio Company is intended to allow the Investment Team to develop extensive relationships with second level managers and contributors throughout the organization which is designed to enable Gemspring to build a broadly informed and holistic perspective on the business. When deficits are identified, Gemspring may engage specialty consultants to supplement available resources and drive change. In order to best align incentives, Gemspring designs compensation plans for management and employees tied to operating metrics driving profitability and achieving milestones of key value creation initiatives.

Gemspring seeks to target complex situations which it believes deter many other private equity investors. A fundamental tenant of Gemspring's investment strategy is to take an undermanaged or poorly positioned company and, through a series of transformational initiatives, build a business that other buyers will want to own.

Gemspring works closely with management to drive both organic and inorganic growth initiatives, including but not limited to i) the introduction of new business lines or product extensions; ii) the expansion of operations through vertical integration; iii) the systemization of sales and marketing practices; iv) the establishment of joint ventures; and v) the acquisition of complementary businesses. Additionally, Gemspring maintains an aggressive approach to driving improvements in Portfolio Company profitability, often implementing one or more of the following initiatives: i) the rationalization of unprofitable or non-core divisions; ii) the outsourcing or sub-contracting of certain business functions; iii) the negotiation of procurement and supply contracts; iv) the optimization of pricing strategies; v) the implementation of continuous improvement and Lean / Six Sigma principles; vi) the improvement of working capital and supply chain management and vii) the execution of strategic and accretive bolt-on acquisitions.

Gemspring collaborates with management to generate and successfully analyze operating data to improve decision-making and reduce operating risk. With management, Gemspring leads the introduction or overhaul of Management Information Systems and Enterprise Resource Planning systems in order to ensure management is sufficiently equipped with the information required to exercise informed, data-driven business decisions.

In conjunction with management and outside directors, Gemspring conducts systematic reviews of a company's market, competition and approach throughout the course of its ownership and believes in regularly challenging and testing the assumptions driving the strategy of the business. Gemspring believes the appointment of experienced independent board members can add value to an organization and encourages participation from outside directors in the context of quarterly board meetings and ongoing discussions with Gemspring and management. Consistent with Gemspring's hands on investment approach, Gemspring intends to have its Investment Team and Executive Advisors participate actively in board-level decision making at Portfolio Companies.

Once Gemspring has successfully mitigated the complexity which existed at the time of a company's acquisition, it intends to actively pursue strategies to return capital and de-risk its investment in advance of a sale, maintaining efficient capital structures throughout its portfolio as the conditions of each business evolve. While the timing and circumstances of an exit are unique to each investment, Gemspring intends to generally initiate a sale process after it has driven meaningful change throughout the organization, achieved significant growth in revenues and profitability and assembled a top-grade management team. Gemspring expects to realize the value from its investments through well marketed and broad sale processes designed to maximize competitive tension, selling strategically positioned assets it has transformed into businesses others want to own.

Gemspring intends to carefully consider the logical exit scenarios for its investments, from the initial due diligence phase through the value building process. Gemspring believes that in the majority of cases, the exit will take place either through a sale to a strategic industry buyer or to a financial buyer.

Item 8.B and Item 8.C.

Risk Factors

Business Risks. Each Funds' investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Investment in Junior Securities. The securities in which the Funds invests are among the most junior in a Portfolio Company's capital structure and, thus, subject to the greatest risk of loss. Generally, there is no collateral to protect the Funds' investment once made.

Concentration of Investments. The Funds participates in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, the Funds' investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer Portfolio Companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, investors will be required to bear Management Fees through the Funds during the Investment Period based on the entire amount of the investors' Commitments and other expenses as set forth in the Partnership Agreement.

Dynamic Investment Strategy. While the General Partners generally intend to seek attractive returns for the Funds primarily through making private equity investments as described herein, the General Partners may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partners may pursue investments outside of the industries and sectors in which the principals have previously made investments or have internal operational experience.

Growth Equity Transactions. The Funds' strategy includes targeting growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity Portfolio Companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity Portfolio Companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Funds intend to invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory

interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest. By way of example, the healthcare and financial services industries have been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced from time to time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which the Funds may invest.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fees payable to the General Partners) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including unfunded Commitments.

Leveraged Investments. The Funds makes use of leverage by incurring or having a Portfolio Company incur debt to finance a portion of its investment in a given Portfolio Company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds' opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of Portfolio Companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged Portfolio Companies in a down market. In the event any Portfolio Company cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the Portfolio Company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be limited or costly at the time the Funds determines that it is desirable to sell all or a part of a Portfolio Company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a Portfolio Company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Funds would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Funds also will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. The Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partners or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Funds incur leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Funds' investors and such investors' contributions may be required to be made directly to the lenders instead of the Funds.

Limited Transferability of Fund Interests. There is no public market for a Fund interest, and none is expected to develop. There are substantial restrictions upon the transferability of a Fund interest under the

Partnership Agreement and applicable securities laws. In general, withdrawal of a Fund interest is not permitted. In addition, a Fund interest is not redeemable.

Restricted Nature of Investment Positions. Generally, there is no readily available market for a Fund investment, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the General Partners and investors (the "**Partners**") and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Partners. After a distribution of securities is made to the Partners, many Partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partners with respect to such investment.

Reliance on the General Partners and Portfolio Company Management. Control over the operation of the Funds is vested with the General Partners, and the Funds' future profitability will depend largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals could have an adverse effect on the ability of the Funds to realize its investment objectives. In addition, the principals may in the future, manage other investment funds besides the Funds and the principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the principals. Investors generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the General Partners. In addition, certain changes in the General Partners or circumstances relating to the General Partners may have an adverse effect on the Funds or one or more of its Portfolio Companies including potential acceleration of debt facilities.

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

Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the General Partners in their discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Need for Follow-On Investments. Following its initial investment in a given Portfolio Company, the Funds may decide to provide additional funds to such Portfolio Company or may have the opportunity to increase its investment in a successful Portfolio Company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a Portfolio Company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase their participation in a successful Portfolio Company or the dilution of the Funds' ownership in a Portfolio Company if a third party invests in such Portfolio Company.

Non-U.S. Investments. The Funds may invest in Portfolio Companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Funds and/or the Partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for the Funds and/or the Partners.

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

Hedging Arrangements; Related Regulations. The General Partners may (but are not obligated to) endeavor to manage the Funds' or any Portfolio Company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the counter ("**OTC**") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partners and/or one of their affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "**CFTC**") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a Portfolio Company to hedge its exposures becomes limited by such requirements.

Unfunded Pension Liabilities of Portfolio Companies. Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Firm intends to manage each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a Portfolio Company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a Portfolio Company. If such Fund (or other 80%-owned Portfolio Companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

Public Company Holdings. The Funds' investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the

valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals, and increased costs associated with each of the aforementioned risks.

Non-controlling Investments. The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if Portfolio Companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate its interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of the Funds' minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Funds, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their Portfolio Companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' Portfolio Companies.

General Economic and Market Conditions. The private equity industry generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and are cannot be controlled by the General Partners. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the ability of the Funds to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the Portfolio Companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held Portfolio Companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in Portfolio Companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of its Portfolio Company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the General Partners believe reflect the fair value of such investments. The impact of market and other economic events may

also affect the ability of the Funds to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a Portfolio Company's capital structure.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partners apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the General Partners may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Co-Investments. The General Partners may, in their sole discretion, provide or commit to provide co-investment opportunities to one or more investors and/or other persons, in each case on terms to be determined by each General Partner in its sole discretion. Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partners in their sole discretion, may not be in the best interests of the Funds or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, the General Partners may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the General Partners or their affiliates. The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-venturer or partner.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Funds and the General Partners may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable Portfolio Company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Funds and, ultimately, its investors.

Conflicts of Interest

Gemspring and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other funds (including co-investment opportunities), and providing transaction-related, legal, management and other services to Funds and Portfolio Companies. Until such time as the General Partners are permitted to raise a successor investment fund to the Funds, the principals will pursue all appropriate investment opportunities that meet the investment criteria of the Funds principally for the benefit of the Funds, subject to certain exceptions set forth in the Partnership Agreement. However, the principals may in the future, manage several other investment funds besides the Funds and investments similar to those in which the Funds will be investing and may direct certain relevant investment opportunities to those investment funds and investments. If other investment funds are formed, the principals and the Gemspring's investment staff will manage and monitor

such investment funds and investments. The Firm believes that the significant investment of the principals in the Funds, as well as the principals' interest in the carried interest, operate to align, to some extent, the interest of the principals with the interest of the investors, although the principals have or may have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Such other investment funds and investments that the principals may control or manage in the future may compete with the Funds or companies acquired by the Funds. At such time as the Firm is permitted to raise a successor investment fund to the Funds, the principals will continue to manage the Funds' investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to the Funds' investments. Certain investments may be allocated between the Funds and any successor or predecessor fund in a manner as set forth in the Partnership Agreement.

From time to time, Gemspring will be presented with investment opportunities that would be suitable not only for a Fund, but also for co-investments or other investment vehicles operated by the Firm. In determining which investment vehicles should participate in such investment opportunities, the Firm is subject to conflicts of interest. Gemspring must first determine if the Funds will, or are required to, participate in the relevant investment opportunity. Gemspring generally assesses whether an investment opportunity is appropriate for the Funds based on the Partnership Agreements, investment objectives, strategies, life-cycle and structure. Gemspring will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Partnership Agreements, Side Letters and Gemspring's procedures regarding allocation. Gemspring's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; the Firm's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Firm's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; and whether the Firm believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Firm.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Gemspring or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Fund investors. When and to the extent that employees and related persons of Gemspring and its affiliates make capital investments in or alongside certain Funds, Gemspring and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another participant in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Gemspring's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Gemspring will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as

favorable as they would be if the conflicts of interest to which Gemspring may be subject, discussed herein, did not exist.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, the Firm will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, the Firm may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the Firm using its best judgment, considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Funds have different expense reimbursement terms than co-investment vehicles, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment. Furthermore, unless otherwise determined by the General Partners, co-investors and/or co-investment vehicles investments in a Portfolio Company, will impact the Funds' management fee offsets.

As a result of the Funds' controlling interests in Portfolio Companies, the General Partners and/or their affiliates typically have the right to appoint Portfolio Company board members (including current or former Firm personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, Portfolio Company board members approve compensation and/or other amounts payable to Gemspring and/or its affiliates. Unless such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to the Firm.

Additionally, a Portfolio Company typically will reimburse the Firm or service providers retained at a General Partners' discretion for expenses (including without limitation travel expenses) incurred by the Firm or such service providers in connection with its performance of services for such Portfolio Company. This subjects Gemspring and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial; however, the General Partners typically would otherwise be reimbursed by the Funds for such expenses. Gemspring determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect will be reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Firm or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to Portfolio Companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Each General Partner generally exercises its discretion to recommend to a Fund or to a Portfolio Company thereof that it contract for services with (i) Gemspring or a related person of the General Partner (which may include a Portfolio Company of such Fund), (ii) an entity with which the General Partner or its affiliates or current or former members of their personnel has a relationship or from which the General Partner or its affiliates or their personnel otherwise derives financial or other benefit, (iii) members of the Executive Advisors Group or (iv) certain investors or their affiliates. For example, the Firm may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain investors or their affiliates that are engaged in lending or related business. This subjects such Fund's General Partner to conflicts of interest, because although the General Partner selects service providers that it believes are aligned with its operational strategies and will enhance Portfolio Company performance and,

relatedly, returns of the relevant Fund, the General Partner may have an incentive to recommend the related or other person (including an investor) because of its financial or other business interest. There is a possibility that the General Partner, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Firm), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not the Firm has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Gemspring and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in Portfolio Companies owned by the Funds or other investment vehicles advised by the Firm; conversely, former personnel or executives of Gemspring and/or its affiliates may serve in significant management roles at Portfolio Companies or service providers recommended by the Firm. Similarly, Gemspring, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Gemspring and/or its affiliates, and/or the Funds or other investment vehicles they advise. Each Fund's General Partner may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a Portfolio Company if the Firm has an incentive to maintain goodwill between it and the existing and prospective Portfolio Companies for a Fund, while the products or services recommended may not necessarily be the best available to the Portfolio Companies.

Gemspring, its affiliates, and equity holders, officers, principals and employees of Gemspring and its affiliates may buy or sell securities or other instruments that Gemspring has recommended to a Fund. Such transactions are subject to the policies and procedures set forth in Gemspring's Code of Ethics. Employees and related persons of Gemspring have, and are expected to continue to have, capital investments in or alongside the Funds, or in prospective Portfolio Companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its Portfolio Companies or, if incurred by the Firm, are reimbursed by a Fund and/or its Portfolio Companies, the Firm will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its Portfolio Companies to incur) such expenses. In addition, as described above, Portfolio Companies (and, to a lesser extent, the Funds) typically pay certain fees to Executive Advisors and other consultants (including consultants introduced or arranged by the General Partners and/or their affiliates that regularly provide services to one or more Portfolio Companies), and such fees do not offset the Management Fee as described herein. Executive Advisors generally make use of the Firm's resources or otherwise are associated with the Firm, including meeting management teams, working on sourcing and diligence, and as investors of the Funds. Executive Advisors also may have an investor interest in a General Partner, may receive remuneration from Gemspring as compensation or as reimbursement for work related to Portfolio Companies, and may be entitled to other forms of compensation. Executive Advisors Group members generally receive compensation, including, but not limited to consulting fees, transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds or the General Partners, stock awards, incentive-based compensation or other compensation, which typically will be determined by the General Partners. Such compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Executive Advisors Group members who hold a board seat at a portfolio company also would be expected to receive compensation for their board service. Any such compensation received by an Executive Advisors Group member may be paid and/or reimbursed by a portfolio company or prospective portfolio

company or directly by a Fund, and no such amounts will result in offsets to the Management Fee of any Fund as described herein. Certain Executive Advisors may invest in the Funds on a no Management Fee, no carried interest basis. Additionally, Portfolio Companies may provide opportunities for Executive Advisors to work full time, may provide opportunities to invest in such Portfolio Company, and may reimburse costs and expenses incurred by Executive Advisors. Such investment opportunities, reimbursements and other compensation paid to an Executive Advisor will not result in offsets to the Management Fee of any Fund as described herein.

Although the use of Executive Advisors and the allocation of compensation paid to them by Portfolio Companies and/or Gemspring and its affiliates subjects Gemspring and/or its affiliates to potential conflicts of interest, Gemspring believes that such potential conflicts may be reduced by the anticipated cost savings to Portfolio Companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Executive Advisor is lower than market rates for the services provided and/or if the services of the Executive Advisor align with the Firm's model for the Portfolio Company and improve Portfolio Company performance. Although the Firm seeks to retain Executive Advisors with a view to reducing costs to Portfolio Companies (and, ultimately, the Funds) and/or improving Portfolio Company performance, a number of factors may result in limited or no cost savings from such retention.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Gemspring and/or the General Partners may not otherwise have done so.

The General Partners and/or their affiliates have in the past, and may in the future, enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights. Any of these situations subject the General Partners and/or their affiliates to potential conflicts of interest. The Firm attempts to resolve such conflicts of interest in light of its obligations to the Funds and the obligations owed by the Firm to investors in investment vehicles managed by the Firm. To the extent that an investment or relationship raises particular conflicts of interest, the Firm will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Firm consults and receives consent to conflicts from an advisory board consisting of investors of the relevant Fund(s) and such other investment vehicles.

Gemspring may in the future institute a program under which Portfolio Companies owned by the Funds may participate in purchasing, vendor or similar arrangements with Gemspring, its affiliates and other Portfolio Companies, where program participants could expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. Under the terms of such a program, participants may be able to participate in the program without cost or Gemspring may allocate fees and any third-party administration costs for the program among the relevant Funds and/or Portfolio Companies, as applicable. Gemspring and its affiliates may also participate in the program potentially in exchange for an allocable portion of such fees and costs, and receive similar benefits and discounts as the Portfolio Companies participating therein. No such amounts would result in additional offsets to the Management Fee. Gemspring believes the potential for conflicts relating to such arrangements would be mitigated by the anticipated cost savings to Portfolio Companies (which would be expected to be to the benefit of the applicable Fund(s)) that will result if the negotiated discounts rates for goods and services are discounted relative to those widely available in the market.

From time to time Gemspring, its affiliates and personnel and persons selected by them may receive the benefit of "friends and family" and similar discounts from Portfolio Companies owned by the Funds under which such Portfolio Companies make their goods and/or services available at reduced rates. Because many of these Portfolio Companies offer such discounts to customers other than Gemspring and such persons as part of their standard commercial practices in an effort to expand their respective customer

bases, Gemspring believes that the potential for conflicts of interest relating to such discounts is mitigated. Gemspring, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course.

Item 9: Disciplinary Information

Gemspring and its supervised persons have no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A.

Neither Gemspring nor any of its management persons are registered or have an application pending to register as a broker-dealer.

Item 10.B.

Neither Gemspring nor any of its management persons are registered or have an application pending to register with the National Futures Association.

Item 10.C.

Certain of Gemspring's affiliates serve as general partner, manager, managing member or investment manager with respect to one or more of the Funds or co-investment vehicles. While Gemspring and these affiliates have been organized as separate legal entities, they collectively conduct a single investment advisory business. Accordingly, each of these affiliates relies and/or will rely on Gemspring's investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act in accordance with SEC guidance. These relying entities will be subject to Gemspring's compliance policies and procedures and, except as the context otherwise requires, any reference in this Brochure to Gemspring includes Gemspring and the entities relying on Gemspring's registration.

Item 10.D.

Gemspring does not recommend or select other investment advisers for the Funds.

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

Item 11.A.

Employees of Gemspring may only purchase and sell securities in accordance with the Firm's Code of Ethics to which all employees are subject. This policy is monitored by the Chief Compliance Officer.

Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following points:

- A statement of the standard of business conduct,
- Limits on gifts and entertainment,
- Policy regarding employees purchasing or selling, directly or indirectly, existing or contemplated securities for the Funds' investment portfolio, and any security for which the Employee may have received material non-public information,

- All employees are required to pre-clear the purchase and sale of certain types of securities through the Chief Compliance Officer for personal accounts,
- A policy limiting, and requiring reporting of, political contributions,
- A policy regarding the use of social media,
- Additionally, employees are subject to strict reporting requirements regarding personal holdings,
- Employees must acknowledge in writing having received and read a copy of the Code of Ethics and
- Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of the Firm's Code of Ethics is available to investors and prospective investors upon request.

Item 11.B through Item 11.D.

Gemspring, as a fiduciary, endeavors to always make decisions in the best interest of the advisory clients if a conflict of interest arises. Gemspring, its affiliates, and equity holders, officers, principals and employees of Gemspring and its affiliates may buy or sell securities or other instruments that Gemspring has recommended to a Fund. Such transactions are subject to the policies and procedures set forth in Gemspring's Code of Ethics. Gemspring personnel will be required to pre-clear outside business activities with the Chief Compliance Officer. All personnel are required to complete an annual attestation of outside business activities to the Chief Compliance Officer.

Principals and employees of Gemspring and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles or co-investments in Portfolio Companies. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same Portfolio Companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of Gemspring, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular Portfolio Company. Such co-investment opportunities generally will be allocated in the manner described under "Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss."

Gemspring and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. See "Conflicts of Interest" above for more information.

Item 12: Brokerage Practices

Each Fund's investment objective is to generally hold securities in privately held companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Firm may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. In the event Gemspring decides to purchase or sell publicly traded securities, a broker-dealer will be retained.

In private company securities transactions on behalf of the Funds, the Firm may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its Portfolio Companies. In determining to retain such parties, the Firm may consider a variety of factors, including, but not limited to: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Firm generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

The Firm has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Firm generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Firm seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Firm generally does not make use of such services at the current time and has not made use of such services since its inception.

Item 13: Review of Accounts

Item 13.A. and 13.B.

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, in conjunction with the management and outside directors of each Portfolio Company, Gemspring conducts a systematic review of a company’s market, competition and approach throughout the course of its ownership and believes in regularly challenging and testing the assumptions driving the strategy of the business. The Gemspring Investment Team (the “**Investment Team**”) is comprised of fourteen investment professionals led by Bret Wiener and Thomas Zanos.

Item 13.C.

Investors in the Funds will typically receive (i) audited financial statements annually commencing with the first year in which it makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each investor’s U.S. tax returns, and (iv) descriptive investment information for each Portfolio Company annually.

Item 14: Client Referrals and Other Compensation

Item 14.A.

Gemspring and/or its affiliates may provide certain business or consulting services to companies in a Fund’s portfolio and may receive compensation from these companies in connection with such services. As described in the Partnership Agreements, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (e.g., reimbursements for out of pocket expenses directly related to a Portfolio Company), these fees may be in addition to Management Fees. See “Fees and Compensation” for more information.

Item 14.B.

The Firm may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by the Firm, either indirectly through an offset against the Management Fee or otherwise, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

Acalyx Advisors, Inc. (“Acalyx”) has been engaged by one or more of the General Partners as a placement agent with respect to the private placement of interests in certain of the Funds. For these services, any fees payable to Acalyx are borne by the Firm directly or indirectly through an offset against the Management Fee, although related out-of-pocket expenses incurred pursuant to the agreement with Acalyx are borne by the relevant Fund(s).

Item 15: Custody

The assets of the Funds will be held at an unaffiliated qualified custodian, as required by the rules adopted under the Advisers Act. Gemspring will provide a Fund investor with such Funds’ annual audited financial statements prepared by an independent public accountant and investors in the Funds receive the reports from Gemspring described in Item 13 of this Brochure.

Item 16: Investment Discretion

The General Partner of a Fund has full discretion to manage such Fund. This authority is granted pursuant to such Fund’s Partnership Agreement. Individual investors become parties to such Partnership Agreement by signing a subscription agreement that is accepted by the applicable General Partner. As a general policy, Gemspring does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreements, however, the General Partner and/or its affiliates have in the past, and may in the future, enter into Side Letters with certain investors whereby the terms applicable to such investor’s investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Item 17: Voting Client Securities

Gemspring has adopted the proxy voting policies and procedures set forth in its Compliance Manual. Under the firm’s proxy voting policy, Gemspring will generally vote proxies in accordance with the recommendation of the issuing company’s management on routine and administrative matters unless Gemspring has a particular reason to vote to the contrary. Non-routine matters will be voted on a case-by-case basis in a manner that serves the clients’ best interest. Under certain circumstances, we may abstain from voting specific proxies if we believe that doing so is in the best interests of our clients. Furthermore, under our proxy voting policy, we may not vote proxies issued by companies if our clients no longer have any economic exposure to the issuer.

In the event that there is or may be a conflict of interest in voting proxies, the proxy policy provides that Gemspring may address the conflict using several alternatives or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s advisory board may approve Gemspring’s vote in a particular solicitation. Gemspring does not consider service on Portfolio Company boards by Gemspring personnel or Gemspring’s receipt of management or other fees from Portfolio Companies to create a material conflict of interest in voting proxies with respect to such companies. If you would like a copy of Gemspring’s complete Proxy Policy or information regarding how Gemspring voted proxies for particular Portfolio Companies, please contact Malcolm Applebaum, the Firm Chief Compliance Officer, at (203) 842-8941, and it will be provided to you at no charge.

Item 18: Financial Information

Item 18A.

Gemspring does not require prepayment of Management Fees more than six months in advance.

Item 18B.

Currently, Gemspring and its affiliates are not aware of any financial condition that is likely to impair Gemspring's ability to meet its contractual obligations and commitments to clients.

Item 18C.

Gemspring was not the subject of a bankruptcy petition at any time during the past ten years.