



# Nexa Equity, LLC Part 2A of Form ADV The Brochure

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**This brochure provides information about the qualifications and business practices of Nexa Equity, LLC (“Nexa Equity”). If you have any questions about the contents of this brochure, please contact us at (415) 295-4636. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Nexa Equity is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**We refer to ourselves as a “registered investment adviser.” Registration as an investment adviser does not imply a certain level of skill or training.**

## **Item 2      Material Changes**

Nexa Equity filed its most recent Brochure on March 31, 2023. Nexa Equity routinely make updates throughout the Brochure to improve and clarify the description of our business practices, and compliance policies and procedures, as well as to respond to evolving industry best practices. Item 8 in this Brochure has been updated to include some additional risk factors. Although these changes may not be material, we encourage all investors to read this Brochure carefully and in its entirety.

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## **Item 4      Advisory Business**

Nexa Equity LLC (the “Management Company,”) is a limited liability company formed under the laws of the state of Delaware. Nexa Equity (as defined below) commenced operations in February 2020. Nexa Equity is primarily owned and controlled by Vladimir (“Vlad”) Besprozvany. A third party has acquired a minority interest in the Management Company and the General Partner (defined below). Nexa Equity does not expect that the minority investor would be involved in the daily management of the Management Company or the General Partner, however, certain conflicts of interest related to this arrangement are further described in Item 10 below.

Nexa Equity provides discretionary investment advice to a private equity fund and its parallel investment vehicles, Nexa Equity Fund I, LP (the “Main Fund”), Nexa Equity Fund I-A, LP (the “Blocker Fund”) and Nexa Equity Fund I-B, LP (“the “Non-QP Fund”), each a Delaware limited partnership (collectively referred to as the “Fund” or “Fund I”).

For legal, tax, regulatory or other reasons, the Fund is authorized to form one or more alternative investment entities to make, restructure or otherwise hold investments, including outside of the Fund. Generally, in such event, each Limited Partner (defined below) that participates in such an alternative investment vehicle would do so on substantially the same terms and conditions as it participates in the Fund. Alternative investment vehicles will be included in all references to the Fund herein as appropriate.

In order to facilitate investment by non-U.S. and certain other investors, the General Partner reserves the right to create one or more parallel investment entities for the Fund, the structure of which may differ from that of the Fund but that will invest proportionately in all transactions on substantially the same terms and conditions as the Fund, except as necessary to address tax, regulatory or other considerations. Parallel investment entities will be included in all references to the Fund herein as appropriate.

The Fund invests in control-oriented private equity investments in lower-middle market vertical and horizontal software and fintech businesses with a typical equity investment of between \$20 million and \$30 million per platform (including follow-on investments).

Nexa Equity Fund I GP, LP is an affiliated entity to Nexa Equity that serves as the General Partner to Fund I (the “General Partner”), and such affiliated entity is generally deemed registered under the Advisers Act pursuant to Nexa Equity’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which together operate as a single advisory business together with Nexa Equity. The Fund will be managed by the General Partner, although for certain structures, a Nexa Equity affiliate may provide discretionary or non-discretionary investment advice. For purposes of this Brochure, references to “the General Partner” or “each General Partner” will also apply to any future general partners or managing members of future Funds. For purposes of this Brochure, the Management Company, and any affiliated General Partners and any other advisory affiliates thereof are referred to, collectively, throughout this Brochure as “Nexa Equity,” the “Firm,” “us,” “we,” and “our,” unless the context

otherwise requires. Investors in the Fund are referred to as “Limited Partners” throughout the Brochure. Both Limited Partners and the General Partner will be collectively referred to as “Partners” throughout this Brochure.

The eligibility and suitability requirements for each Fund are described in the applicable private placement memorandum (“PPM”), limited partnership agreement (“Partnership Agreement”), and subscription agreements (“Subscription Agreements”) (collectively referred to as the “Fund Offering Documents”). For purposes of this Brochure, references to “the Fund” or “each Fund” will also apply to any future private investment fund to which the Firm and/or its affiliates provide investment advisory services.

Nexa Equity’s advisory services to the Funds are detailed in the relevant Fund Offering Documents and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds (generally referred to herein as “investors” or “Limited Partners”) participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Fund Offering Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Nexa Equity and any investor. The Funds or the General Partners have entered into side letters or other similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Fund Offering Documents with respect to such investors.

The Fund has established a board (“Advisory Board”) whose members are appointed by the General Partner from among the Limited Partners who are not otherwise affiliated with Nexa Equity. The Advisory Board shall perform duties expressly contemplated in the Partnership Agreement as required by the General Partner in connection with the Fund to review potential conflicts of interest and other Fund matters.

#### *Assets Under Management*

As of December 31, 2023, Nexa Equity had \$574,971,028 in regulatory assets under management. All assets are managed on a discretionary basis.

## **Item 5 Fees and Compensation**

Nexa Equity, the General Partner, and/or their respective affiliates will receive compensation in the form of management fees, carried interest distributions, and certain other fees related to monitoring portfolio investments and transaction fees (including, without limitation, such as director fees, financial consulting fees, or advisory fees, breakup or topping fees). In addition, the Fund will be charged for certain expense reimbursements. A description of fees and expenses charged to the Fund are further described in the Fund Offering Documents and in the paragraphs included below.

Except as otherwise agreed, the General Partner and certain Limited Partners who are affiliates, employees or other designees of the General Partner (including certain members of the Operations Group) will not be subject to carried interest or the Management Fee. The “Operations Group” collectively includes a group of professionals including (“Operating Partners”) that provide services to the portfolio companies including serving on the board of directors or other governing

body at the portfolio companies. The use of the Operating Group and Operating Partners subject the General Partner to potential conflicts of interest, as discussed under the “Conflicts of Interest,” section below.

### ***Management Fees***

Commencing on the Effective Date and during the Investment Period, the Fund will pay Nexa Equity (or an affiliate thereof) an annual management fee (the “Management Fee”), payable quarterly in advance, equal to 2% of aggregate commitments held by partners not designated as “affiliated partners” by the General Partner. 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 and through the final distribution of the Fund’s assets, the Management Fee will equal 2% of (i) the aggregate investment contributions made (or payable to the Fund pursuant to any outstanding capital call notice or capital call notice that the General Partner intends to issue to repay indebtedness incurred pursuant to the Partnership Agreement), less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or completely written-off, in each case, with respect to partners not designated as “affiliated partners”; provided that investments in a portfolio company will be treated as having been disposed of or completely written-off only to the extent that, as of the date of any such disposition or write-off, the aggregate fair market value of all remaining Fund investments in such portfolio company is less than the Fund’s aggregate investment contributions made with respect to such portfolio company. The Management Fee may be reduced pursuant to a formula specified in the Partnership Agreement, and a corresponding portion of the General Partner’s commitment may be structured as a profits interest.

The Management Fee will commence as of the effective date based on aggregate commitments, regardless of when a Limited Partner is actually admitted. Limited Partners participating in a subsequent closing after the initial closing date will be assessed Management Fees retroactive to the effective date as if such Limited Partner was admitted for its full commitment on the effective Date and, in addition, will be charged an amount equal to the product of (a) 8% per annum multiplied by (b) the amount of such assessed Management Fees, calculated from the date such Management Fee payments would have been due if such Limited Partner were admitted for its full commitment on the initial closing date. Any such amounts will be paid to the Management Company or an affiliate thereof. The Management Fee will be paid out of current income and investment proceeds of the Fund and/or, in the General Partner’s discretion, from drawdowns that will reduce unfunded commitments.

### ***Carried Interest***

Distributions of net cash proceeds attributable to the disposition of investments in portfolio companies, as well as distributions of securities in kind, together with any dividends and interest income received with respect to investments in portfolio companies, generally will be preliminarily apportioned among the partners participating in the applicable investment in proportion to their respective participation in funding such investment. The amount so apportioned to the General Partner generally will be distributed to it. The amount so apportioned to a Limited Partner generally will be distributed as follows:

- (a) first, 100% to such Limited Partner until the cumulative amount distributed to such Limited Partner in respect of investments equals the aggregate of the following:
  - (i) such Limited Partner's funded Commitment (the aggregate amount of cash agreed to be contributed as capital to the Fund) attributable to realized investments and unrealized investments to the extent they are permanently written down as of that time;
  - (ii) such Limited Partner's funded Commitment attributable to all organizational expenses, Management Fees and other expenses paid to date, in each case allocated to realized investments and unrealized investments to the extent they are permanently written down as of that time; and
  - (iii) a preferred return on amounts included in clauses (i) and (ii) above at the rate of 8% per annum compounded annually (the "Preferred Return");
- (b) second, 100% to the General Partner until such time as the General Partner has received, as carried interest, 20% of the sum of the distributed Preferred Return and distributions made pursuant to this paragraph (b); and
- (c) thereafter, 80% to such Limited Partner and 20% to the General Partner as carried interest.

A distribution relating to a partial disposition of an investment will be subject to the above formula, with the Preferred Return and the carried interest based pro rata on the original cost of, and the cumulative distributions made with respect to, the disposed portion of such investment.

### ***Transaction Fees***

Except as provided herein, or in the relevant Fund's Offering Documents, the Management Fee will be reduced by an amount equal to 80% of Transaction Fees attributable to partners not designated as "affiliated partners" by the General Partner. "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 or topping 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, in any event, any amount received by the General Partner, the Operations Group (or a member thereof) 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 such 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 the Operations Group (or a member thereof) to a portfolio company or prospective portfolio company.

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce or offset 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. Any Transaction Fees with respect to an investment or potential investment (including a transaction not consummated) shall be allocated to the Fund (and offset against the Management Fee) only to the extent of the Fund's relative ownership (or anticipated ownership) of such investment or potential investment on a fully diluted basis. Accordingly, the Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment.

### ***Operating Partner Compensation***

Operating Partners currently include and in the future are expected to include certain employees of Nexa Equity and/or independent contractors that are retained by Nexa Equity, in each case who will spend all or any portion of their time providing operational due diligence for prospective and consummated transactions as well as to assist with post-closing operating initiatives for portfolio companies. Such individuals will be compensated by Nexa Equity-managed funds and/or their portfolio companies for such services. No such compensation will offset any management fees paid to Nexa Equity by any Fund. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on a Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Operating Partner compensation as well as fees, costs and expenses of structuring Operating Partner arrangements. Operating Partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. The use of Operating Partners subjects the General Partner to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

### ***Organizational Expenses***

The Fund will pay or reimburse the General Partner (or an affiliate thereof) for the Fund's and its affiliated entities' structuring, organizational, funding and startup expenses (as further set forth in the Partnership Agreement) (Organizational Expenses), including travel (including, where appropriate as determined by the General Partner, the cost of using or chartering private aircraft or other private air travel at a cost not to exceed the cost of first class commercial airfare, other air travel, car or ride sharing services and other modes of transportation), lodging, meals, entertainment, printing, mailing, courier, legal, capital raising, accounting, regulatory compliance (including expenses associated with the initial and/or preliminary registrations, filings and compliance obligations and other offering requirements contemplated by the European Union Alternative Investment Fund Managers Directive (the "AIFMD") or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction, or any similar law, rule or regulation), the engagement of a Swiss representative and/or paying agent (appointed pursuant to



the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation related to the implementation thereof) and any depositary appointed by the General Partner (or an affiliate thereof), any administrative or other filings and other organizational expenses. The Fund will also bear expenses of the type described in the preceding sentence to the extent incurred by the placement agent. The General Partner (or an affiliate thereof) will bear the cost (through an offset against the Management Fee or otherwise) of all such organizational expenses in excess of the organizational expenses cap, as provided in the relevant Fund Offering Documents, if any, and of any placement fees payable to any placement agent in connection with the formation of the Fund.

### ***General Partner Expenses***

The General Partner will pay all ordinary administrative and overhead expenses incurred in connection with maintaining and operating its office(s), including employees' salaries, rent and equipment expenses, except as otherwise provided in the Partnership Agreement.

### ***Fund Expenses***

In addition to the Management Fee, the Fund will pay, or reimburse the General Partner (or any affiliate thereof) for, all other fees, costs, expenses, liabilities and obligations relating to the Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations (referred to collectively in this section as "costs") relating or attributable to: (i) activities with respect to the origination, identification and sourcing of investment opportunities for the Fund, including attending and sponsoring industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline; (ii) activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund's portfolio companies and the Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal sourcing software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, the Fund, the Management Company, the General Partner or any "affiliated partner" on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan

administration, private placement fees, sales commissions, investment banker, finder and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to the AIFMD or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction), and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended, including any law, rule or regulation relating to the implementation thereof), trustee, record keeping, account and similar services; (vii) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), and any related requirements; (viii) legal, accounting, research, auditing, technology administration (including costs associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services as well as costs related to the establishment or maintenance of such other services), consulting (including consulting and retainer fees, salary and other compensation paid to and benefits or personnel costs provided to or on behalf of the Operations Group or any of its members, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services; (ix) reverse breakup, termination and other similar arrangements; (x) insurance (including directors and officers liability, fidelity bond, portfolio company management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory costs, including costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xi) filing, title, transfer, survey, registration and other similar activities; (xii) printing, communications, mailing, courier, marketing and publicity; (xiii) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports) or other information, including costs of any third-party service providers and professionals related to the foregoing; (xiv) compliance with any tax or financial account reporting regime including the “Foreign Account Tax Compliance Act” or “FATCA,” the OECD Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems), financial management and cybersecurity or other administrative or reporting tools (including subscription-based services); (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with compliance with the General Data Protection Regulation (EU 2016/679 (as amended) and the Freedom of Information Act, 5 U.S.C. § 552)); (xvii) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Board (including any out of pocket costs incurred by representatives of the General Partner, the Advisory Board members, permitted observers and other persons in attending or otherwise participating in

meetings of the Advisory Board); (xviii) indemnification (including legal and any other costs incurred in connection with indemnifying any Partner or other person pursuant to the Partnership Agreement and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xix) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xx) any annual, periodic or special meeting of the Partners, any other conference, meeting or webcast or other video conference with any Limited Partner(s), and any periodic executive forum of portfolio company management and other persons; (xxi) except as otherwise determined by the General Partner in its sole discretion, any cost 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, any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs related to any structuring or restructuring of the Fund and/or its affiliated entities; (xxii) the termination, liquidation, winding up or dissolution of the Fund and any persons owned directly or indirectly by the Fund, including portfolio companies and related entities; (xxiii) defaults by Partners in the payment of any capital contributions; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner and related entities, any entities owned directly or indirectly by the Fund (including portfolio companies) and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxv) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or (B) any costs related to the validation or other confirmation of any payments made to the Fund or the General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxvi) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxvii) any consultants, experts or advisors engaged including independent appraisers, engaged in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more investment vehicles (other than the Fund) managed or controlled by the General Partner or any of its affiliates; (xxviii) unreimbursed costs incurred in connection with any transfer or proposed transfer by a Limited Partner or any Limited Partner's name change, internal restructuring or change in trust registered agent or custodian; (xxix) any taxes, fees and other governmental charges levied against the Fund and/or any alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund and/or any alternative investment vehicle (except to the extent that the Fund is reimbursed therefor by a Partner) and any costs of or related to the "partnership

representative” of the Fund; (xxx) distributions to the Partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxxi) unreimbursed and unpaid costs of the Operations Group or its members, employees or other persons engaged by the Operations Group; (xxxii) compliance or regulatory matters, except as otherwise set forth in the Partnership Agreement, including compliance with the Partnership Agreement and/or any letter agreement; (xxxiii) amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with Limited Partners and “most-favored- nations” election processes in connection therewith; (xxxiv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner or any of its affiliates at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; (xxxv) any travel (including, where appropriate as determined by the General Partner, the cost of using or chartering private aircraft or other private air travel at a cost not to exceed the cost of corresponding first class commercial airfare, other air travel, car or ride sharing services, other modes of transportation, meals, lodging and entertainment) and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxvi) any of the items listed in clauses (i) - (xxxiv) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated (“Broken Deal Expenses”) or otherwise not successful and/or that may have been offered to co- investors (including co-investors’ proportionate share of any expenses related to an investment or other opportunity not consummated); (xxxvii) any Organizational Expenses; (xxxviii) any placement fees; and (xxxix) any other costs approved by the Advisory Board. As a general matter, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. In the event that the Blocker Fund proposes to structure an investment using a blocker corporation or other intermediate entity to avoid causing Limited Partners of the Blocker Fund to incur UBTI or ECI (each as defined below), all costs, expenses and reductions 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 Limited Partners investing through such blocker corporation or intermediate entity. For a further discussion of the use by the Blocker Fund of blocker corporations and/or other intermediate entities, please see the Fund Offering Documents.

### ***Other Information***

Nexa Equity is permitted to exempt certain “affiliated partner” investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Nexa Equity and any other person designated by Nexa Equity, such as “friends and family” of Nexa Equity or its personnel, or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The relevant General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by Nexa Equity and/or its affiliates, or through other Funds which co-invest with a Fund. Nexa Equity retains flexibility to structure its compensation from investors and expects in certain

circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s). The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Fund Offering Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Nexa Equity generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Nexa Equity or its affiliates.

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

Please see the section titled "Carried Interest" under Item 5 above for a description of the performance based fees allocable to the General Partner. Nexa Equity generally receives a portion of the Fund's distributable proceeds as incentive compensation. As a result, Nexa Equity has a potential conflict of interest in the allocation of an investment opportunity among those Funds that have capital available for investment and for which the investment might otherwise fall within their respective investment objectives. However, Nexa Equity believes the potential for any such conflict of interest is mitigated by the terms of the Fund Offering Documents for the Fund, which require that Fund I must be substantially invested or committed for investment prior to Nexa Equity raising capital for another fund or account with investment objectives substantially similar to those of such Fund.

The fact that the General Partner's carried interest is based on a percentage of net profits creates an incentive for the General Partner to cause the Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. In addition, because the Fund has a fixed investment period after which capital from Limited Partners generally can only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Fund, calculated based upon the amount of capital invested by the Fund, the Management Fee structure creates an incentive for the General Partner to deploy capital when it might not otherwise have done so.

## **Item 7      Types of Clients**

Nexa Equity provides discretionary investment management services to pooled investment vehicles, and references throughout this Brochure to "clients" and to Nexa Equity's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Nexa Equity does not provide specific investment advice with regard to the investors within the Fund. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "Investment Company Act").

The minimum commitment to the Fund by any investor will be \$5 million, although the General Partner reserves the right to accept commitments of lesser amounts in its sole and absolute discretion.

The General Partner only intends to offer and sell interests to a limited number of persons that are (i) “accredited investors,” as that term is defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, (ii) “qualified clients,” as that term is defined under the U.S. Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Advisers Act”), and (iii) in the case of the Main Fund and the Blocker Fund, unless waived in the discretion of the General Partner, “qualified purchasers,” as that term is defined under the Investment Company Act, as amended, and the rules and regulations promulgated thereunder.

### ***Side Letters***

Nexa Equity and/or its affiliates reserve the right to enter into one or more Side Letters or other similar agreements with certain Limited Partners in connection with such Limited Partners’ admission to the Fund without the approval of any other Limited Partner, which would have the effect of establishing differential or preferential rights or terms under, altering or supplementing the terms (including economic terms) of, or confirming the interpretation of an applicable Fund document (including the Partnership Agreement and any related subscription agreement) with respect to such Limited Partner in a manner more favorable to such Limited Partner than those applicable to other Limited Partners, and such rights may be significant. Such rights, terms or confirmations in any such Side Letter or other similar agreement may include, without limitation, (i) excuse, exclusion or withdrawal rights applicable to particular investments or Limited Partners (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, certain investments); (ii) reporting obligations of the General Partner; (iii) waiver of certain confidentiality obligations; (iv) consent of the General Partner to certain transfers by such Limited Partner; (v) priority co-invest rights or targeted co-investment amounts; (vi) different fee structures (included discounted or rebated compensation terms); or (vii) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Limited Partner. Side Letters may also relate to strategic relationships under which a Limited Partner agrees to make capital commitments to multiple Nexa Equity-advised funds. Except where required by the Partnership Agreement, other Limited Partners will not receive copies of Side Letters or related provisions, and as a general matter, the other Limited Partners have no recourse against the General Partner, the Fund or any of their affiliates in the event that certain Limited Partners have received additional and/or different rights and/or terms as a result of such Side Letters.

Nexa Equity is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a Limited Partner to provide sourcing or other services to Nexa Equity, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Nexa Equity, its affiliates and personnel, or the Funds. Side Letters subject Nexa Equity to potential conflicts of interest, including in circumstances where an investor’s right to serve on the relevant Fund’s advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. As a

consequence of one or more Limited Partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments. Although Nexa Equity believes it to be unlikely, excuse rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in Limited Partner investment returns, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A Limited Partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Fund Offering Documents; conversely, a limitation on one or more Limited Partners' voting rights generally will increase the voting rights percentage of other Limited Partners in the relevant Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

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

### ***Methods of Analysis & Investment Strategy***

Nexa Equity does in-depth analysis on a company to seek to fully understand product differentiation, use cases, financial trends, expenses, customer retention, ideal customer profiles, go-to-market, sales momentum and potential opportunities to accelerate growth, among other attributes. The team builds a comprehensive financial model to test and tweak its assumptions, ensuring that each investment has the potential to meet the necessary return profile.

Nexa Equity complements its company-level analysis with thorough market evaluation. While much of the market work is done during thematic sourcing, the team completes additional market work during the diligence process. The team confirms market size, evaluates competitive dynamics, understands potential threats and researches end customer dynamics.

The Fund is seeking to invest in lower-middle market vertical and horizontal software and fintech businesses with a typical equity investment of between \$20 million and \$30 million per platform (including follow-on investments). The Nexa Equity team has extensive experience in helping these types of businesses build, scale and lead effective strategies. The Fund's strategy seeks to leverage this experience by employing the "Nexa Playbook," as detailed below, in an effort to help its portfolio companies maximize value creation, operating metrics and investor returns.

Nexa Equity expects to hold businesses between two to five years and will look to exit to larger PE firms looking to take the business from approximately \$50 million revenue to \$150 million revenue and beyond, or to strategic buyers in the space that can further scale the company, its product and customers.

Nexa Equity primarily relies on proprietary sourcing to identify investment opportunities. The team first focuses on identifying attractive verticals and product categories. Nexa Equity looks for segments that it believes have the following qualities: (1) total addressable market (TAM) size of \$300M or more; (2) markets with minimal competition or significant fragmentation; (3) markets with actionable M&A opportunities to drive scale and cross-sell; (4) ‘greenfield’ dynamics in that a significant portion of potential end customers are leveraging manual processes to solve a problem; (5) software products that drive significant, tangible value compared to existing processes and (6) end customers that are profitable enough to have sizeable software budgets.

The Fund’s investment strategy will focus on a proprietary, dynamic lower-middle market software and fintech market map that includes different verticals and product categories. Nexa Equity leadership seeks to leverage the market map to rank segments based on the above criteria, ultimately guiding the team’s sourcing efforts. The firm’s associates, including two associates whose sole job is sourcing, systematically work through the various verticals and product categories. In each segment, the team will map the software providers and reach out to those that it believes meet the Fund’s criteria. Once potential target companies are identified, Nexa Equity team members will attempt to develop relationships with decision-makers at the companies.

Nexa Equity leverages primary data sources, such as the U.S. Census Bureau, and secondary data sources, including Grata, to develop its market maps in each segment. The team is developing a database of companies in Affinity that it plans to regularly contact. Nexa Equity believes that a key differentiator in their sourcing strategy is the level of customization incorporated into every outreach. Often times, decision-makers at software businesses are inundated with sourcing requests. The Nexa Equity team knows how critical it is to differentiate by spending time researching the business to demonstrate knowledge of the vertical, product category and business. Nexa Equity has also found that in-person visits can be an effective way to convince uncertain decision-makers to consider a sale to Nexa Equity.

Nexa Equity believes its thematic sourcing approach allows the team to convey conviction and certainty while pursuing a short path to close. The team quickly gathers data and analyzes the business once a potential platform or add-on is identified. The team’s goal is to work through the data to validate the thesis and arrive at a valuation in a short timeline in order to get exclusivity with the business. Nexa Equity believes that its conviction and speed are a differentiator in the market.

Industry relationships, including relationships with leaders of past investments, have also been an effective source of proprietary platform and add-on deals. There have been several instances in which the Nexa Equity team has been referred to a proprietary deal.

Nexa Equity intends to supplement its proprietary sourcing with banker relationships. Although the Fund prefers proprietary deals, it will consider banked deals when it has a strong thesis or angle in the space and its valuation of the company is similar to that of a proprietary deal. Nexa Equity has strong relationships with over 50+ investment banks that focus on lower-middle market transactions, and believes the majority of the deals that Nexa Equity significantly evaluates are limited processes with less than 5 bidders. In several instances, the investment bankers that represent the selling businesses rollover a large portion of their fee into Nexa Equity’s transaction, which Nexa Equity believes further aligns interests and validates Nexa



Equity's thesis in the company. Nexa Equity anticipates that a minority of its Fund I investments will be acquired in banker auction processes.

In order to win these deals, Nexa Equity has found its references with CEOs and management teams of companies that the team previously invested in to be critical. The team relies heavily on its reference network in processes and has received positive feedback on them. Nexa Equity believes this is a key differentiator that it will continue to cultivate in future investments.

### ***Risks***

**Below are some general risks associated with the Fund. This is not meant to be a comprehensive list of all associated risks. For a more comprehensive list, please refer to the Fund's PPM.**

An investment in the Fund involves significant risks and other considerations and, therefore, should be undertaken only by prospective investors capable of evaluating and bearing such risks. Fund returns will be unpredictable and, accordingly, the Fund is not suitable as the sole investment vehicle for an investor. A prospective investor should only invest in the Fund as part of a broader overall investment strategy, and only if the prospective investor is able to withstand both extended periods of illiquidity and a total loss of its investment. Prospective investors should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the limited partner interests in the Fund. As a result of these factors, as well as other risks inherent in any investment or set forth in the Fund's PPM, there can be no assurance that the Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program. The following list is not a complete list of all risks and other considerations involved in connection with an investment in the Fund. Prospective investors should make their own inquiries and investigation of the investment, and should consult their own advisors regarding the offering of limited partner interests described herein, including the merits and risks involved and the legality and tax consequences of an investment in the Fund.

**Investments in Private Companies.** The Fund's investment portfolio is expected to consist primarily of securities and/or interests issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments are illiquid and involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war, revolutions and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist and investors should not invest unless they can readily bear the consequences of such loss.

**Future and Past Performance; Loss of Principal.** The Fund consists of newly organized entities that have no prior operating history or track record. Accordingly, the Fund does not have performance history for a prospective investor to consider. In addition, the Fund's investments may differ from Nexa Equity's principals' prior investments in a number of

respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure, and holding period. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. With respect to any of the Fund's investments, loss of principal will be possible.

**Concentration of Investments; Lack of Diversification.** The Fund will participate in a limited number of investments and reserves the right to make several investments in one industry or one industry segment or within a short period of time. As a result, the Fund's 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 Fund may invest in fewer portfolio companies and thus be less diversified.

The Fund is permitted to provide "bridge financing" to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Partnership Agreement, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations set forth in the Partnership.

**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. The Fund will encounter competition from other entities having similar investment objectives. Potential competitors include a broad spectrum of sources of capital, including other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, publicly-traded special purpose acquisition companies ("SPACs") and other private equity funds, investing directly or through affiliates. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Fund likely will be formed in the future by other unrelated parties. Some of the Fund's competitors for investment opportunities are expected to have significantly more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partner, the Fund and their respective affiliates.

**Impact of Government Regulation, Reimbursement and Reform.** Certain industry segments in which a Fund intends to invest are (or may become) (i) highly regulated at both the federal and state levels in the U.S. and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each 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 a Fund invests.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Nexa Equity and the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Nexa Equity and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

**Illiquidity; Lack of Current Distributions.** An investment in the Fund 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 Fund's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, the return of capital or realization of gains, if any, on an investment generally will occur only upon the partial or complete disposition of such 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 Fund (including the Management Fee payable to the Management Company (or its designated affiliate)) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

**Leveraged Investments; Borrowing; Subscription Facility.** A Fund is permitted to make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Fund's opportunities for higher returns and its risk of loss from a particular investment, and the magnification of the risk of loss has the potential to be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The availability of leverage is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of leverage by a portfolio company also imposes restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, which has the

potential to impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of a portfolio company will increase the exposure of a Fund's investments to any deterioration in a portfolio company's condition or its industry, competitive pressures, an adverse economic environment or rising interest rates (which in recent years have been at or near historic lows) and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a market downturn. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Additionally, lenders would typically have a claim that has priority over any claim by such Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a portion of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal level of financial leverage, a Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect a Fund's ability to generate attractive investment returns for such Fund as a whole. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of prospective portfolio companies that the Fund may have contracted with to purchase. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

A Fund is also permitted to borrow money pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called, or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. Although the use of leverage by a Fund will increase such Fund's ability to swiftly invest capital, it will also result in fees, interest expense and other costs to a Fund that may exceed, or otherwise not be covered by, distributions made to a Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitation regarding the amount of time such leverage may remain outstanding. A Fund is permitted to incur leverage on a joint and several basis with one or more other investment funds and/or other entities managed by or otherwise affiliated with Nexa Equity or any of its affiliates and, in connection with incurring such indebtedness, the General Partner reserves the right, in its sole discretion, to cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent a Fund incurs leverage (or provides any guaranty), such amounts will be secured by the commitments of the Limited Partners and other Fund assets. Any leverage secured by the commitments of the Limited Partners could enable a lender to issue a capital call on behalf of the General Partner of the Fund, which would require such investors' contributions to be made directly to the lender instead of to the Fund.

Fund-level borrowing also subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the Limited Partners, Limited Partners may be obligated to contribute capital on an accelerated basis if such Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against a Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental Fund expenses that will be borne by the Limited Partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or termination of the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the Limited Partners and the terms of the Partnership Agreement, it may be higher than the interest rate a Limited Partner could obtain individually. Conflicts of interest have the potential to arise in that the use of such facilities would delay the need for Limited Partners to make certain contributions to a Fund, which generally would increase a Fund's internal rate of return calculations and thereby benefit the marketing efforts of the General Partner and its affiliates. Drawing down on a subscription line allows the General Partner to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. To the extent provided in the Partnership Agreement, any such borrowing is permitted to remain outstanding for such time as the General Partner deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of such Fund. To the extent a particular Limited Partner's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing would negatively impact a Limited Partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds). To the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither a Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility generally will contain other terms that restrict the activities of the Fund and the Limited Partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the General Partner's ability to consent to the transfer of a Limited Partner's Interest or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. To secure a subscription line, the General Partner is often required to request certain financial information and other documentation from Limited Partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and reserves the right to agree to terms that are not the most favorable to one or more Limited Partners.

Calling a large amount of capital at once to repay any then current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. Each Fund is authorized to use Fund-level borrowing to pay Management Fees and to reimburse the General Partner for expenses incurred on behalf of such Fund. The Funds are also expected to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to the Limited Partners. Accordingly, borrowings by a Fund or portfolio companies might support the distribution of proceeds to Limited Partners and increase the potential carried interest for the General Partner; however, the interest incurred due to such borrowing would reduce the carried interest received by the General Partner. Subject to the limitations in the Partnership Agreement, if any, this conflict of interest incentivizes the General Partner to permanently fund the acquisition and ongoing capital needs of investments of the Fund and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

**Investments in Smaller or Less Established Companies.** The Fund is permitted to invest all or a portion of its assets in the securities of smaller or less established companies. Portfolio investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Such companies are typically subject to a greater degree of change in earnings and business prospects than larger and/or more established companies. To the extent there is any public market for the securities held by the Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Investments in smaller or less established companies could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Fund invests, the Fund may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on the Fund's other investments. Furthermore, smaller or less established companies may not have the operating history that would allow the General Partner to make objective pricing decisions in acquiring these companies, and the purchase prices of these companies are expected to be based upon projections as to the expected operating results of

such companies, subjecting the Fund to risks that such companies may not achieve anticipated operating results or may not achieve these results within anticipated time frames. Additionally, such smaller or less established companies can carry an increased risk of litigation.

**Risks Inherently Associated with Technology.** Technology based investments often face specific risks which the Fund will also be exposed to by concentrating its investment strategy based on reliance of such technology. Such risks typically include: (1) rapidly changing science and technologies; (2) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (3) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (4) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (5) rapidly changing investor sentiments and preferences with regard to technology.

Many technology companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that competitors will not develop technologies substantially equivalent or superior to a portfolio company's technologies, or allege patent infringement by a portfolio company. Piracy or any such allegations may adversely affect portfolio company revenue, particularly outside the U.S. in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

**Competition in Technology-Related Sectors.** Competitors of the Fund and its portfolio companies range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the software and technology industries are low and software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which the Fund and its portfolio companies participate evolve rapidly with changing and disruptive technologies, shifting user needs and frequent introductions of new products and services.

**Projections.** Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Nexa Equity in its 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 impact on the reliability of projections.

**Privacy and Data Protection Law Compliance Risk.** The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Nexa Equity, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for

such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for Nexa Equity, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include Nexa Equity, the General Partners, the Funds and/or their portfolio companies.

**Need for Follow-On Investments.** Following its initial investment in a given portfolio company, Nexa Equity may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a 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 can be no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact 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) or may result in a lost opportunity for such Fund to increase its participation in a successful operation.

**Investment in Junior Securities.** The securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investment once made.

**Non-U.S. Investments.** The Fund is permitted to invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Fund's non-U.S. investments are denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and



other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) potential unsettled points of applicable governing law and the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Fund and/or the Partners; (x) differing and potentially less well-developed, well-tested and/or more restrictive laws, regulations and regulatory institutions and judicial systems, including regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xii) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (xiii) political hostility to investments by foreign or private equity investors; and (xiv) less publicly available information.

**Inflation.** Some countries, including the United States, are currently and may in the future experience substantial rates of inflation, which may have negative effects on the economies and securities markets of their economies. Governmental efforts to curb inflation (such as price controls) may involve drastic economic measures affecting the level of economic activity. There can be no assurance that the relevant governments will be able to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on the Fund or its investments.

**Banking Counterparty Risk.** Nexa Equity relies upon third-party banks or other custodians to hold and safeguard client assets and provide credit facilities that may be used to pay fund expenses and purchase new investments. While Nexa Equity carefully selects and monitors its custodians, there is no guarantee that such custodians will not experience financial difficulties or otherwise fail, which could prevent Nexa Equity from accessing client funds, securities, or credit facilities. Nexa Equity could be required to call investor capital to pay expenses or purchase investments that otherwise would have been financed through a credit facility, or Nexa Equity could be prevented from making timely distributions of investor capital in the event a banking counterparty is shut down by regulators. These events could negatively impact fund performance or result in substantial delays in the return of capital to investors.

**Public Health Emergencies.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and COVID-19, have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Fund.

**Hedging Arrangements; Related Regulations.** The General Partner is permitted (but is not obligated) to endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund 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 Fund 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 Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with 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 the Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

**Cybersecurity Risks.** Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. A Fund, General Partner, Nexa Equity or its portfolio companies' or one or more of their respective service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. Although the General Partner intends to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Nexa Equity, a General Partner, a Fund and/or a portfolio company may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Nexa Equity's, a General Partner's, a Fund's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Nexa Equity's, a General Partner's, a Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise adversely affect their business and financial performance. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may

be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Nexa Equity, a General Partner or one of its affiliates or service providers holding its financial or investor data, Nexa Equity, a General Partner, its affiliates or a Fund may also be at risk of loss.

**Valuation of Assets.** There is not expected to be an actively traded market for most of the securities owned by the Fund. When estimating fair value, the General Partner will 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 Partner gives rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

### **Valuation of Impaired Assets**

The Partnership Agreement provides the General Partner with wide-ranging authority on the determination of assets that are impaired, ("Impaired Value Investments"), and the criteria used by the General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors, and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the General Partner's determination that an investment is an Impaired Value Investment, and, except as set forth in the Partnership Agreement, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. In making its determination, the General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Partnership Agreement. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. The General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although the General Partner and its affiliates intend to operate in accordance with the Partnership Agreement, as well as valuation policies and other practices and procedures, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policies, practices and procedures will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

**Limited Access to Information.** Limited partners' rights to information regarding a Fund, the relevant General Partner or Nexa Equity generally will be specified, and in many cases strictly limited, by the Fund Offering Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Nexa Equity's control. Decisions by Nexa Equity or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Nexa Equity and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Nexa Equity reserves the right to withhold certain information from investors subject to such laws for reasons relating to Nexa Equity's public reputation, business strategy or other reasons.

**Artificial Intelligence.** The use of artificial intelligence ("AI") is a powerful new tool that can be used to increase efficiency and optimize the operations of many companies, including investment advisory firms and properties managed by the firm. However, the use of AI is still developing and presents certain potential risks including the reliance on output that includes factual or other errors, the inability to validate the accuracy of such information, security vulnerabilities, violations of privacy and copyright laws, the receipt or disclosure of material nonpublic information, and violations of contractual or legal confidentiality obligations.

**Regulatory Adopted Rules.** On August 23, 2023, the SEC adopted a number of new rules and amendments to existing rules under the Advisers Act (the "Private Fund Adviser Rules") including new requirements related to quarterly statements, financial statement audits, adviser led secondaries, restricted activities and the preferential treatment of certain investors. Specifically, the Private Fund Adviser Rules include (a) a requirement for detailed quarterly disclosure to investors of private fund performance, fees and expenses (including disclosure of the compensation paid to the investment adviser and its affiliates) and additional portfolio investment level disclosure, (b) a requirement to deliver to each private fund investor the results of a private fund annual audit conducted by an independent public account, (c) a requirement to obtain a fairness opinion or valuation opinion in connection with any investment adviser led secondary transaction; (d) limitations and conditions on the ability of investment advisers to charge certain types of fees and expenses (including reductions to carried interest clawbacks for taxes and fees and expenses related to investigations that result in sanctions under the Advisers Act), as well as a prohibition on the allocation of fees or expenses related to a portfolio investment on a non-pro rata basis among multiple private funds invested in the same portfolio investment unless the allocation is fair and equitable and the investment adviser provides a prior written notice of the non-pro rata allocation and a description of how such allocation is fair and equitable, (e) subject to certain limited exceptions, limitations on an investment adviser's ability to grant certain types of

preferential terms regarding redemption or information about portfolio holdings or exposures to only certain investors in private funds (e.g., through side letters), (f) a requirement to provide written notice to current and prospective investors in private funds of certain preferential terms granted to only certain investors in the same fund and (g) a requirement for the investment adviser to document an annual compliance review. The Private Fund Adviser Rules include legacy treatment for private funds launched prior to the applicable compliance dates for certain of the restrictions and preferential treatment.

While the full impact of the Private Fund Adviser Rules cannot yet be determined, it is generally anticipated that these rules will have a significant effect on private fund advisers and their operations, including by increasing regulatory and compliance costs and burdens and heightening the risk of regulatory inquiries and actions (including public regulatory sanctions). The Fund is expected to bear certain regulatory and compliance costs relating to the Private Fund Adviser Rules, which could include (without limitation) fees, costs and expenses incurred in connection with preparing and distributing to investors the quarterly statements required by the rules, soliciting and obtaining from investors any consents required by the rules, providing investors with any notices or disclosures required by the rules and obtaining and distributing to investors fairness or valuation opinions in connection with adviser-led secondary transactions (including fees paid to third parties engaged by Nexa Equity or the Fund to perform or assist with such actions or processes), which fees, costs and expenses could be expected to be material. Additionally, Nexa Equity will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in the Fund (i.e., all side letter terms), without regard to any most favored nation provision. This may ultimately impact Nexa Equity's decisions with respect to agreeing to certain preferential rights.

Nexa Equity will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable.

The Private Fund Adviser Rules are expected to result in material alterations to how Nexa Equity operates its business and/or the Fund, as well as Nexa Equity's implementation of the Fund's investment strategy, to significantly increase compliance burdens and associated costs (which, to the extent permitted under the Partnership Agreement and consistent with applicable law, including the Private Fund Adviser Rules (once they become effective), will be treated as Fund Expenses) and complexity and to possibly restrict the ability to receive certain expense reimbursements in certain circumstances. This, in turn, may increase the need for broader insurance coverage by fund managers and increase such costs and expenses charged to the Fund and its investors, if permitted. In addition, these amendments could increase the risk of exposure of the Fund, the General Partner and Nexa Equity to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect Nexa Equity and the Funds' reputation, and to negatively impact the Fund in conducting its business. There can be no assurance that the Private Fund Adviser Rules and any other new SEC rules and amendments will not have a material adverse effect on the General Partner, the Fund, its Portfolio Investments and/or the Limited Partners or that such rules or amendments will not materially reduce returns to Limited Partners.

Notwithstanding the foregoing, there can be no guarantee as to the enforcement in practice of the Adopted Rules. In particular, on September 1, 2023, six trade associations filed suit in the Fifth Circuit federal Court of Appeals challenging, among other things, the validity of the Private Fund Adviser Rules and the authority of the SEC to enact such rules. As a result, there can be no guarantee as to the content of the Private Fund Adviser Rules given current litigation.

## **Item 9      Disciplinary Information**

Nexa Equity and its employees have not been involved in any legal or disciplinary events that would be material to an investor's evaluation of the Management Company or its personnel.

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

### ***Exemptions from Certain Regulatory Registrations***

The Fund is not registered under the Investment Company Act. The Investment Company Act provides certain protection to investors and imposes certain restrictions on registered investment companies (including, for example, limitations on the ability of registered investment companies to incur leverage), none of which will be applicable to the Fund.

Neither Nexa Equity nor the General Partner are registered as broker-dealers under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or with the Financial Industry Regulatory Authority, Inc. ("FINRA") and, consequently, are not subject to the record-keeping and specific business practice provisions of the Exchange Act or the rules of FINRA.

The Commodity Exchange Act also provides certain protection to investors by imposing certain disclosure, reporting and recordkeeping obligations on Commodity Pool Operators ("CPOs") and Commodity Trading Advisors ("CTAs"). However, pursuant to an exemption from the Commodity Futures Trading Commission (the "CFTC") regulations, the General Partner does not expect to be required to register, and will not be registered, with the CFTC as a CPO. Specifically, the General Partner currently intends to rely on the limited trading exemption provided by CFTC regulation 4.13(a)(3).

### ***Minority Investors in the Management Company and General Partner***

A third-party has acquired a minority ownership interest in the General Partner and the Management Company. The existence of a minority investor raises certain conflicts of interest. Specifically, the minority investor is an investor and could subsequently invest in another Fund with minority economic interests in the General Partner and the Management Company and, in such capacity, is entitled to receive a portion of the carried interest and/or a portion of the net income to which Nexa Equity would otherwise be entitled. The minority investor also has priority to invest in any co-investment opportunities up to a certain threshold. Nexa Equity does not expect that the minority investor would be involved in the management of the Fund, the General Partner or the Management Company. The existence of these minority economic interests could diminish the alignment of a minority investor's interests with the other Fund investors. Additionally, the minority investor has relationships with other investment vehicles and accounts that could give rise to potential conflicts of interest. For example, the minority investor and/or its

affiliates sponsor, advise, underwrite, manage or invest in other investment vehicles and accounts that pursue investment strategies similar to those of the Fund. Such activities could adversely affect the Fund; for example, the minority investor and/or its affiliates compete with the Fund for investment opportunities, and Nexa Equity expects that the minority investor would be under no obligation to share any investment opportunity, idea or strategy with the Fund, the General Partner or the Management Company.

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

### ***Code of Ethics***

Nexa Equity has adopted a written Code of Ethics (“Code”) which is included as a part of its “Compliance Manual” and which (along with any amendments) is provided to each employee. Our Code requires all of our employees to (i) act with competence, dignity, integrity and in an ethical manner in all dealings on our behalf, (ii) use reasonable care and exercise independent professional judgment in the execution of their duties and (iii) avoid actions or relationships that might conflict, or appear to conflict, with job responsibilities or the interests of Nexa Equity and its Clients. Our Code also contains policies and procedures that address personal securities trading by employees and are intended to mitigate potential conflicts of interest. We prohibit personal trading on certain securities or instruments; require pre-clearance before purchasing securities in an IPO or limited offering (i.e., private placement); and require periodic reporting of employees’ personal securities transactions and all holdings. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments. We require prompt internal reporting of Code violations.

Nexa Equity will provide a copy of the Code to any investor or prospective investor upon request.

### ***Material Non-Public Information***

As a result of the operations of the Management Company and its affiliates, as well as in connection with officerships and directorships of Nexa Equity’s personnel, the Management Company comes into possession of confidential or material, non-public information. Therefore, the Management Company and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Fund. Consequently, the Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Management Company’s internal policies and practices. Due to these restrictions, the Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

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

Investors should be aware that various actual and potential conflicts of interest will arise from the overall investment activities of the Fund, the General Partner, the Management Company and

their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in the Fund; however, the following is not necessarily a complete list of all such actual or potential conflicts of interest that may arise. In addition, investors should be aware that the General Partner, the Management Company and their respective personnel might in the future engage in further activities that result in additional conflicts of interest not addressed in this Memorandum. There can be no assurance that the General Partner or the Management Company will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Fund.

Nexa Equity and its related entities engage in a broad range of advisory and non-advisory activities. Nexa Equity will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Fund Offering Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Nexa Equity conducting its activities, the interests of a Fund likely will conflict with the interests of Nexa Equity, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Nexa Equity will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by Nexa Equity principals through such Fund, subject to certain limited exceptions set forth in the Fund Offering Documents and Nexa Equity's Allocation Policy. Without limitation, Nexa Equity principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Nexa Equity personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Nexa Equity's principals and Nexa Equity's investment staff will continue to manage and monitor such investments until their realization. The General Partner believes that the significant investment of the principals in the Fund, 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 partners, although the principals currently have, and in the future could obtain, economic interests in other investment vehicles, funds and/or investments as well and receive management and other fees and carried interest relating to such investment vehicles, funds and/or investments. Such other investment funds and investments that the principals control or manage, in certain instances, are likely to compete with a Fund or companies acquired by a Fund. Following the investment period of a Fund, Nexa Equity principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an advisory opportunity is received that is unsuitable for a Fund, in Nexa Equity's sole discretion, Nexa Equity and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Partnership Agreement, Nexa Equity personnel are permitted to serve on boards or act in other roles unaffiliated with



Nexa Equity, the Fund or its portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles.

Conflicts of interest will arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. For instance, it is possible that a Fund will not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund, vehicle or investment. This has the potential to result in differences in price, investment terms, leverage and associated costs between Funds. There can be no assurance that the Funds will exit the investment at the same time or on the same terms, and there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other Fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Fund.

The Fund intends to make controlling investments in portfolio companies or otherwise obtain control rights or significant influence with respect to such portfolio companies. As a result of these significant investments, the Fund anticipates that it will have the right to appoint portfolio company board members (including current or former General Partner personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to the General Partner in connection with services provided by the General Partner and its affiliates to such portfolio company, and except to the extent such amounts are subject to the Partnership Agreement's offset provision, are in addition to the Management Fee or carried interest discussed herein. The General Partner's authority to appoint or influence the appointment of portfolio company board members who are likely to be involved in approving compensation payable to the General Partner subjects the General Partner and any such portfolio company board appointees to potential conflicts of interest.

A portfolio company typically will reimburse the General Partner or service providers retained at the General Partner's discretion for expenses (including travel expenses) incurred by the General Partner or such service providers in connection with the performance of services for such portfolio company. This subjects the General Partner to conflicts of interest because the Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreement and its internal reimbursement policies and practices, the General Partner determines the amount of these reimbursements for such services in its own discretion.

The General Partner is also permitted to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Fund or other funds or investment vehicles advised by the General Partner or an affiliate; conversely, former personnel or executives of the General Partner could potentially serve in significant management roles at portfolio companies or service providers recommended by the General Partner. Similarly, the General Partner and/or its personnel maintain relationships with (or may invest in) financial institutions,

service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees and current and former portfolio company executives, as well as certain family members or close contacts of these persons. 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, the General Partner and/or the Fund, other funds or other investment vehicles the General Partner or an affiliate advises. The General Partner will have a potential conflict of interest with the Fund in recommending the retention or continuation of a third-party service provider to the Fund or a portfolio company owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds the General Partner or an affiliate advises, will provide the General Partner information about markets and industries in which the General Partner operates (or is contemplating operations) or will provide other services that are beneficial to the General Partner. The General Partner will have a potential conflict of interest in making such recommendations, in that the General Partner has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Fund and other funds and investment vehicles that the General Partner or an affiliate advises, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Fund.

In borrowing on behalf of a Fund, Nexa Equity is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The relevant General Partner generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the limited partners. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

The relevant liability standards under insurance coverage procured by Nexa Equity are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Fund Offering Documents. Investors generally will be responsible for insurance premiums, as set forth in the Fund Offering Documents, regardless of whether the liability and/or indemnity standards in Nexa Equity's insurance coverage are higher or lower than that set forth in the Fund Offering Documents.

### ***Conflicts Regarding Service Providers***

Nexa Equity generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) Nexa Equity (or an affiliate, including other portfolio companies of such Fund) and at rates determined or substantively influenced by Nexa Equity; (ii) an entity with which Nexa Equity or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit, including relationships with joint venturers or co-venturers; or (iii) a Limited Partner (or a limited partner of another fund) or its affiliates. This subjects Nexa Equity to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, Nexa Equity will have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that Nexa Equity, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Nexa Equity or the relevant Funds), will favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person or entity. Due to these and other similar factors, Nexa Equity will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Nexa Equity generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In any instance where Nexa Equity commits or has committed to seek "market" or "arms-length" rates or terms, Nexa Equity will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Nexa Equity reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, Nexa Equity undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Nexa Equity reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Nexa Equity has a relationship with 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.

### ***Conflicts Regarding Allocation of Fees and Expenses***

The General Partner will be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Fund. The General Partner, in its sole discretion, will allocate fees and expenses in accordance with the Partnership Agreement and in a manner that it believes in good faith is fair and equitable to the Fund under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses will not always be proportional, and any such determinations involve inherent matters of discretion (e.g., in determining whether to allocate pro rata based on the number of funds or co-investors receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to the Fund or Nexa Equity).

### ***Conflicts Regarding Compensation***

Since Nexa Equity is permitted to retain certain supplemental fees (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, supplemental fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of supplemental fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company. Nexa Equity, its personnel, affiliates or others designated by Nexa Equity expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Partnership Agreement are applied (typically based on the then-present value of such securities), Nexa Equity and/or such other recipients will be permitted to retain such securities as supplemental fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Nexa Equity or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting the Fund’s relative ownership of the portfolio company awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Nexa Equity reserves the right to accrue, defer or forego payments of such supplemental fees. In such cases, in accordance with the Fund Offering Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

### ***Conflicts Regarding Third Party Involvement (Including Joint Venture Partners)***

The Fund is permitted to co-invest with third parties through partnerships, joint ventures, overage funds, other specialized investment vehicles for other entities or arrangements, thereby acquiring less than 100% of the ownership interests in certain investments. Such investments have the potential to involve risks not present in investments where a third party is not involved, including

the possibility that: (i) the Fund and such co-venturers may reach an impasse on a major decision that requires the approval of multiple parties; (ii) the co-venturers or partners may at any time have economic or business interests or goals that are inconsistent with those of the Fund; (iii) the co-venturers or partners may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturers or partners may be in a position to take action contrary to the Fund's investment objective; (v) the co-venturers or partners may take actions that subject the investment to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Fund may be liable for actions of its co-venturers or partners. There can be no assurance that the Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

### ***Conflicts Regarding Consultants***

Nexa Equity will use, retain or employ, on behalf of the Funds and/or the portfolio companies, operators, advisors, consultants and other individuals and/or companies, as applicable ("Special Consultants"), which are permitted to be affiliates of Nexa Equity, employees of such affiliates, portfolio companies of the Funds, third party consultants, "operating partners," "strategic partners," "growth partners," "executive partners," "consultants" or "senior advisors" (any of which may be members of the Operations Group). The Special Consultants are expected to regularly provide services to, or in connection with, the a Fund in relation to its activities, or to one or more portfolio companies or potential portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies or potential portfolio companies, including operational aspects of such companies ("Services"), and in certain circumstances are expected to agree to provide Services on an exclusive basis to Nexa Equity, the Funds and their portfolio companies.

Pursuant to the Partnership Agreement, the Special Consultants will receive compensation, fees and certain expenses associated with the Services (collectively, "Consulting Fees and Expenses"), paid and/or reimbursed by the applicable portfolio companies, prospective portfolio companies and/or, directly or indirectly, by the Fund. Consulting Fees and Expenses are not included as "Transaction Fees" and do not reduce or offset the Management Fee or carried interest payable by the Fund. Consulting Fees and Expenses are expected to include, without limitation, retainer and/or consulting fees (including in the form of cash fees, transaction fees, discretionary bonuses (whether or not based on pre-determined milestones), profits, participation or equity interests in the Fund, the General Partner, a portfolio company or a holding company, a share of proceeds upon sale of a portfolio company or other non-cash compensation) an allowance or reimbursement for health insurance, personnel costs and other benefits and other indicia of employment, retainer fees, consulting fees, remuneration from the Management Company and/or the Fund or their affiliates, guaranteed minimums, other incentive equity or stock awards and/or other compensation to the Special Consultant, which will 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 Special Consultant, 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 portfolio company. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund's investment, and the relevant Fund typically will bear

the costs of all Special Consultant compensation as well as fees, costs and expenses of structuring Special Consultant arrangements. Special Consultants are expected from time to time to include former employees of Nexa Equity or certain portfolio companies, and in some circumstances former Special Consultants are expected to become Nexa Equity employees or employees of portfolio companies. Consequently, the determination of whether individuals are Special Consultants is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Nexa Equity otherwise would be required to bear.

Although the General Partner intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, the General Partner intends to utilize only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, it is possible that another service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, portfolio companies of Funds may pay Special Consultants to perform Services that, directly or indirectly, benefit Nexa Equity, its affiliates, other Funds and/or portfolio companies of other Funds. Consequently, Nexa Equity, its affiliates and/or portfolio companies of other Funds may receive Services without being charged or at rates that are lower than the rates borne by the Fund or its portfolio companies. Conversely, portfolio companies of a Fund may benefit from Services that are paid for by Nexa Equity, its affiliates and/or portfolio companies of other Funds. Likewise, certain other Funds may pay Special Consultants (including individual members of the Operations Group) to perform Services that, directly or indirectly, benefit Nexa Equity, its affiliates, a Fund and/or portfolio companies of a Fund. There can be no assurance that a Fund or its portfolio companies will receive benefits paid for by other Funds or their portfolio companies that are commensurate to the benefits received by such other Funds and their portfolio companies that are paid for by a Fund or its portfolio companies. To the extent that Special Consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Special Consultant's services at a time when fewer portfolio companies or Funds make use of such Special Consultants.

#### ***Allocation of Investment Opportunities***

From time to time, Nexa Equity will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Nexa Equity. In determining which investment funds should participate in such investment opportunities, Nexa Equity and its affiliates are subject to potential conflicts of interest among the investors in such investment vehicles. Except as required by the Fund Offering Documents, Nexa Equity is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Nexa Equity in a portfolio company also have the potential to raise the risk of using assets of a client of Nexa Equity to support positions taken by other clients of Nexa Equity.

Nexa Equity must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Nexa Equity generally assesses whether an investment opportunity is

appropriate for a particular Fund based on the Fund Offering Documents, as well as factors including, but not limited to: the respective fund's available capital, each fund's investment restrictions and objectives (including those set forth in the relevant fund's partnership agreement or similar governing document (including side letters), if any), strategy, risk profile, sourcing, structural and operational considerations of the relevant fund, investment limitations, target rate of return, composition of each fund's portfolio, target investment size, suitability as a follow-on investment for current investors, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification considerations, cash level (if any), tax and regulatory considerations, life cycle, structure size and nature of investment, anticipated duration/hold period and other relevant factors (including agreements with co-sponsors). For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund is authorized to invest together with other Funds advised by affiliates of Nexa Equity in the manner set forth in the Fund Offering Documents and Nexa Equity's allocation policy. The General Partner will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable under the circumstances over time consistent with the General Partner's obligations and, in connection with such determination, the General Partner is permitted to take into consideration factors such as those set forth above. In the event that the General Partner determines that the available amount of an investment opportunity in which the Fund will invest exceeds an amount appropriate for the Fund, such excess is permitted to be offered to one or more potential co-investors.

Nexa Equity's allocation of investment opportunities among the Funds may not always, and often will not, be proportional. Therefore, such allocations, from time to time, will be more advantageous to a Fund relative to one or all of the other Funds, or vice versa. While Nexa Equity will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to the Fund under the circumstances over time, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which Nexa Equity is subject did not exist.

### ***Co-Investment Opportunities***

Nexa Equity reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons (including the Operations Group members), in each case on terms to be determined by a General Partner in its sole discretion. Conflicts of interest have the potential to arise in the allocation of 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 a General Partner in its sole discretion, may not be in the best interests of a Fund or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, including with respect to allocating a particular investment to and among potential co-investors and determining the terms thereof, a General Partner reserves the right to consider some or all of a wide range of factors (some or all of which may benefit the General Partner or its affiliates), including, but not limited to: (i) the ability of a potential co-investor to react promptly to a co-investment opportunity; (ii) any strategic advantages that may result from a potential co-investor's participation in a co-investment opportunity; (iii) a potential co-investor's Commitment to the Fund and/or commitment to one or more Funds; (iv) the likelihood that a potential co-investor

may invest in a Fund and/or a future (provided that such willingness generally will not be the sole determining factors considered by the General Partner in identifying co-investors) Fund; (v) the potential co-investor's investable assets relative to the size of the co-investment opportunity; (vi) tax, regulatory and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); (vii) confidentiality concerns that may arise in connection with providing the potential co-investor with specific information relating to the co-investment opportunity; (viii) whether the potential co-investor's participation in an investment opportunity may subject a Fund to legal, regulatory, reporting or other burdens or could impair the ability of the General Partner to execute the relevant transaction in the desired time or on desired terms; (ix) the size of the investment allocation available to Nexa Equity and practicality of dividing it among multiple potential co-investors; (x) lender requirements; and/or (xi) whether the General Partner believes that allocating investment opportunities to the potential co-investor will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to Nexa Equity or a Fund. Furthermore, the General Partner reserves the right to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a co-sponsor. Additionally, from time to time, certain service providers (e.g., lenders) are expected to seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to Nexa Equity, a Fund or a portfolio company in connection with the services provided. Co-investment opportunities typically will be offered to some and not to other Limited Partners. The General Partner's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors to a Fund or any other co-investment vehicle, and such allocations generally will be more or less advantageous to some persons or entities than to others.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner 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 Limited Partners. When and to the extent that employees and related persons of the General Partner make capital investments in or alongside a Fund, the General Partner is subject to conflicting interests in connection with these investments. The General Partner's allocation of co-investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations will be more or less advantageous to some such persons relative to others.

The General Partner reserves the right, in its sole discretion, to charge a management fee and/or obtain a carried interest in respect of any co investment. As a result of the fact that co investments alongside a Fund will not be made through a Fund, any fees or other co investor related compensation (including fees of the type included in the definition of "Transaction Fees") received in connection with co investments will not arise out of the investment activities of such Fund or actions taken directly or indirectly by Nexa Equity on behalf of the Fund and, therefore, none of such fees or other co investor-related compensation will offset or otherwise reduce the Management Fee or carried interest. Any such fees may be retained by the General Partner and/or any of its affiliates.



For the avoidance of doubt, the General Partner reserves the right, in its sole discretion, to structure any co-investment opportunity such that the proposed participants in such co-investment opportunity do not bear any broken deal expenses, with the result that a Fund will bear all such broken deal expenses. In most cases, the General Partner does not expect that proposed participants in co-investments will bear broken deal expenses. Consequently, a Fund is expected to bear all such broken deal expenses.

In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees (including any break-up fees), costs and expenses relating to such unconsummated transaction are expected to be borne by the relevant Fund, and not by any potential or expected co-investors, subject to any restrictions set forth in the relevant Partnership Agreement.

### ***Principal Transactions***

Nexa Equity does not anticipate entering into principal transactions, where we or any of our affiliates purchase or sell any security for our own account from or to the account of any Fund. In the event that we (or our affiliate) engage in a principal transaction, we will obtain the approval of the applicable Fund's limited partner advisory committee.

### ***Agency Cross Transactions***

Nexa Equity is not affiliated with a registered broker-dealer and as such cannot engage in agency cross transactions. While unlikely, we may engage in a cross transaction, where one Fund purchases or sells any security for its own account from or to the account of another Fund. Procedures and requirements for cross transactions are further addressed in the Fund Offering Documents.

## **Item 12 Brokerage Practices**

### ***Brokerage Practices***

We do not make regular use of brokers for the purposes of purchasing or selling publicly traded securities on behalf of the Funds because the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and the commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any. In order to minimize execution costs and obtain best execution for all Funds, we may aggregate orders for multiple Funds, as long as aggregating would be in the best interests of each participating Fund.

Nexa Equity 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 Nexa Equity 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.

#### ***Soft Dollars***

Nexa Equity does not currently utilize any soft dollar benefits or client referrals from broker-dealers in connection with investment transactions.

### **Item 13    Review of Accounts**

#### ***Review of Fund Portfolios***

Nexa Equity has established an Investment Committee that is responsible for reviewing potential investments and all related due diligence documents obtained and/or created by Nexa Equity to ensure that the prospective investment meets the investment parameters of the Fund. The Investment Team meets on a weekly basis to discuss potential investments. The Investment Committee meets on a periodic basis as needed to approve any new acquisitions or dispositions.

#### ***Fund Reporting***

Nexa Equity will furnish to the Limited Partners (i) audited financial statements annually commencing with the first fiscal year in which it either is in operation for the full fiscal year or makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year commencing with the first fiscal quarter in which the Fund delivers a capital call notice, (iii) annual tax information necessary for each Partner’s U.S. tax returns and (iv) descriptive investment information for each portfolio company periodically.

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

Nexa Equity and/or its affiliates intend to provide certain business or consulting services to companies in a Fund’s portfolio and expect to receive compensation from these companies in connection with such services. As described in the Fund Offering Documents, this compensation in many cases will 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 are in addition to Management Fees. *See* “Fees and Compensation.”

Nexa Equity reserves the right from time to time to 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. These arrangements generally are disclosed in the relevant Fund’s Form D. Nexa Equity has engaged a third-party placement agent to introduce prospective investors to the Fund in exchange for a flat monthly fee as well as a percentage of investors’ commitments and potential bonus payments. The fees and expenses of any third-party placement agents will be paid

by the Fund, but will be reimbursed by Nexa Equity by offsetting its management fees.

## **Item 15 Custody**

All cash and any applicable publicly traded securities for the Funds are held in custody by unaffiliated qualified custodians. Nexa Equity has access to Client accounts since it or an affiliate serves as a General Partner of Fund I. The Fund is subject to an annual audit by an independent public accountant that is registered with and periodically inspected by the Public Company Accounting Oversight Board (“PCAOB”). Investors in each Fund are provided with annual audited financial statements, prepared in accordance with GAAP, within 120 days of such Fund’s fiscal year end.

## **Item 16 Investment Discretion**

Nexa Equity provides discretionary investment advice to Fund I pursuant to an investment management agreement. The investment management agreement, together with the management authority granted to the General Partner of Fund I, provides Nexa Equity with full discretion to determine investments to be purchased and sold on behalf of Fund I and the terms of the related transaction. Nexa Equity’s investment discretion is subject to Fund I’s Fund Offering Documents. As a general policy, Nexa Equity does not allow clients to place limitations on this authority. Pursuant to the terms of the Fund Offering Documents, however, Nexa Equity and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Nexa Equity assumes this authority pursuant to the terms of the Fund Offering Documents and powers of attorney executed by the limited partners of such Fund.

## **Item 17 Voting Client Securities**

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. Nexa Equity has adopted the Nexa Equity Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how it will vote proxies, as applicable, for the Funds’ (and any Fund’s) portfolio investments. We will seek to ensure that a record of each securities position held by each Fund is maintained and, where any such vote is to occur, we will seek to ensure that we receive all relevant information, disclosure materials and such proxies or consents as are necessary for us to cast votes in a timely manner.

Nexa Equity will also determine where there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. If we determine that there is no material conflict of interest, then we will make the voting determination and take the required voting action. If we determine that, due to a conflict of interest, we are not capable of making an independent determination as to the voting decision, then the voting decision will be that recommended by the applicable Limited Partner Advisory Board.

A copy of the Proxy Policy and voting records will be provided to any investor and prospective investor upon request.

## **Item 18   Financial Information**

Nexa Equity does not require prepayment of management fees more than six months in advance and has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.