



COALESCE CAPITAL MANAGEMENT LLC

FIRM BROCHURE

(PART 2A OF FORM ADV)

437 Madison Avenue
19th Floor
New York, NY 10022

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This brochure (“Brochure”) provides information about the qualifications and business practices of Coalesce Capital Management LLC (“we,” “Adviser,” “Coalesce,” the “Manager” or the “Firm”).

If you have any questions about the contents of this Brochure, please contact the Firm’s Chief Compliance Officer (“CCO”), Bethany Foullois by email at bfoullois@coalescecap.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority. References to the Firm’s status as a registered investment adviser (“RIA”) do not imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

The initial registration filing of Coalesce Capital Management LLC was made on March 15, 2023. We have listed certain changes since this initial registration filing below.

- *Item 4 – Advisory Business.* We have amended the regulatory assets under management to reflect such assets as of December 31, 2023.
- *General updates and clarifying edits.* Coalesce’s registration as an investment adviser is effective as of June 16, 2023. We have amended this brochure throughout to reflect this status. In addition, the Firm expects to update its brochure periodically and as required, as it continues to assess and update its disclosures, policies, and procedures.

The information set forth in this brochure is qualified in its entirety by the applicable offering materials as detailed below in the Important Note About this Brochure. In the event of a conflict between the information set forth in this brochure and the offering documents, such documents will control. We encourage all recipients to read this Brochure carefully in its entirety.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- *an offer or agreement to provide advisory services to any person;*
- *an offer to sell interests (or a solicitation of an offer to buy interests) in any Fund (as defined in Item 4 of this Brochure) advised by the Firm;*
- *a complete discussion of the features, risks or conflicts associated with any Fund advised by Coalesce.*

As required by the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”), Coalesce provides this Brochure to current and prospective clients, which are the private investment funds it manages. Coalesce may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as a Fund’s private placement memorandum (“PPM”) or similar disclosure statement, prior to, or in connection with, such persons’ investment in such Funds. Interests in the Funds (“Interests”) are offered only pursuant to a PPM or similar disclosure statement, subscription agreement, and the limited partnership agreement or similar organizational document for the relevant Fund (“offering materials” or “Fund Governing Documents”).

Although this Brochure describes the investment advisory services of the Firm, persons who receive this Brochure (whether or not from Coalesce) should be aware that it is designed solely to provide information about the Firm as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials or other documents. Unless otherwise noted, refer to the Fund Governing Documents for capitalized and other terms not defined herein.

More complete information about each Fund advised by the Firm is included in the offering materials for such Fund, which may be provided to current and eligible prospective investors only by Coalesce or its authorized agents. If there is any conflict between information conveyed in this Brochure and that conveyed in any offering materials, you should rely on the information contained in the relevant Governing Documents.

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ITEM 4 – ADVISORY BUSINESS

The Adviser & Funds

Coalesce serves as investment manager to private investment funds, providing discretionary management services to pooled investment vehicles. The Firm was established in 2022 by its founder and ultimate owner, Stephanie Geveda (the “Founder”). Ms. Geveda has over 20 years of experience in private equity investing and manages the Firm with a team of investment, operational, transformational, and business development professionals. The Firm employs approximately thirteen (13) individuals and has ongoing plans to hire additional personnel.

Coalesce acts as Manager to private investment funds and special purpose vehicles or co-investment vehicles related to those funds, its advisory clients (“each a “Fund” or the “Coalesce Funds” unless otherwise noted herein). Coalesce serves as the investment manager for parallel funds Coalesce Capital Fund I, L.P., Coalesce Capital Fund I-A, L.P., and Coalesce Capital Fund I FF, L.P. (together, “Fund I”), and special purpose vehicles or co-investment vehicles Coastal Pacific Partners, L.P. (“Coastal Pacific”) and Coalesce Echo Coinvest, L.P., (“Echo”). Our investment advisory clients are strictly the Coalesce Funds. The beneficial owners and equity owners of the Coalesce Funds are generally referred to as “Limited Partners” or “Investors.”

Coalesce Capital Partners I, L.P., the general partner to the Funds (together with its general partner, Coalesce Capital Partners UGP I, LLC and any other entities that serve in such capacity to any future funds, the “General Partner(s)”). The General Partner, Coalesce, and its advisory affiliates or persons controlled by or under common control with Coalesce, are the Firm’s “related persons.” Coalesce Capital Management LLC is wholly owned by Ms. Geveda and Coalesce Capital S-Corp LLC (which is further wholly owned by Ms. Geveda). For more information about Firm’s ownership and affiliates, please refer to Schedules A and B of our Form ADV Part 1A.

The parallel funds generally invest side-by-side in each investment proportionate to their respective committed capital. Coalesce has facilitated participation by certain Investors or Funds in co-investments in portfolio companies alongside the Funds (“co-investment vehicles”) or other strategic partnerships or special purpose vehicles (“special purpose vehicles”). Coalesce Echo Coinvest, L.P. is a co-investment vehicle. Coastal Pacific Partners, L.P. is a special purpose vehicle and a co-investment vehicle. Coalesce Capital Fund I FF, L.P. is a special purpose vehicle intended to facilitate certain accredited Coalesce affiliates or non-affiliates’ participation in investment opportunities as accredited investors. Such vehicles may co-invest alongside a Fund in certain Portfolio Companies (as defined below) or directly in a Fund. While not materially different currently, the economic or liquidity terms, costs, or other terms of investment may be different among Fund I and a co-investment or special purpose vehicles. Specifics regarding differences among the Funds is described in each Fund’s Governing Documents and in Item 5 below.

Advisory Services

Coalesce tailors its investment advisory services to the specific investment objectives and restrictions set forth in Fund Governing Documents of each Fund. Pursuant to the investment guidelines and restrictions set forth in Fund Governing Documents, Coalesce invests primarily in business services companies with the potential for equity-like returns (including debt securities) (each, a “Portfolio Company” or “Portfolio Investment”). The Firm views business services companies as those providing primarily services and activities (*i.e.*, not physical products), often leveraging human capital (*e.g.*, human skills and experience) and technology-enabled processes. Subject to the investment guidelines and restrictions in the Fund Governing Documents, Coalesce has broad discretion to make investment decisions for the Funds.

Investment in the Funds involves significant risks and should be regarded as long-term in nature, forming only one portion of an Investor's diversified investment portfolio. Fund Governing Documents also provide investment restrictions related to specific strategies or industries, such as diversification, recycling, hostile takeover, blind-pool investment funds, publicly traded securities, geographic restrictions, derivatives, oil & gas, or real estate.

Additional information about the Funds and their investment objectives, strategies, restrictions, and risks associated with an investment are described in the Fund Governing Documents, which are made available to Investors only through Coalesce and its authorized agents. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* and *Item 16 – Investment Discretion*.

The Funds are generally offered exclusively to individuals who qualify as “accredited investors” under Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and are not required to register as investment companies with the SEC under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”), in reliance upon the exclusion from registration provided in Section 3(c)(7) or Section 3(c)(1) thereof, which limits the availability of Interests to persons who are “qualified purchasers” or “accredited investors” as defined in Section 2(a)(51) of the Investment Company Act.

Coalesce provides investment management services exclusively to its Funds. Outside of such services to the Funds, Coalesce offers no other advisory services. Coalesce does not perform any type of financial planning, quantitative analysis, tax planning or market timing services, nor participates in any wrap fee programs.

As of December 31, 2023, Coalesce had approximately \$801 million in regulatory assets under management. Coalesce manages its Funds' assets on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Fund Management Fees

During a Fund's investment period, each Fund will typically pay its respective General Partner an annual management fee ("Management Fee"), quarterly in advance, equal to 2% of the Fund's aggregate capital commitments. After the expiration of the investment period, the Management Fee will equal 2% of the "Adjusted Cost" of all unrealized investments. In this context, the "Adjusted Cost" means (a) in the case of a Portfolio Investment or any "bridge financing" (as such term is defined in a Fund's Governing Documents) that has not been the subject of a permanent write-down for tax purposes, the total capital contributions of all Limited Partners relating thereto (and, without duplication, the amount of indebtedness incurred to make such Portfolio Investment), and (b) in the case of a Portfolio Investment that has been the subject of one or more permanent write-downs for tax purposes, its fair value as of the date of the most recent write-down, but no more than cost.

The Management Fee is paid out of capital contributions of the Limited Partners, by application of otherwise distributable proceeds or available cash or assets or reserves of the Fund, which will reduce the unpaid commitments of the Limited Partners, or from a Fund credit facility.

Fund Investors are permitted to negotiate different Management Fees and other fee arrangements, rebates or offsets. Investors and prospective Investors should refer to the Fund Governing Documents for a detailed description of fees.

Similar investment advisory services may be available from other investment advisers for higher, similar or lower fees.

Management Fee Offsets

Consistent with a Fund's Governing Documents, the Management Fee will be reduced (but not below zero) by the Fund's Allocable Share of Other Fees (as defined below under "Portfolio Company Fees"). In addition, the Management Fee will be reduced by (i) certain "excess organizational expenses" (as such term is defined in each Fund's respective Governing Documents) and (ii) fees and any interest on any deferred fees charged by or paid to any third-party placement agent or agency designated by a Fund, a General Partner or the Manager for the marketing and sale of interests in a Fund and/or any parallel fund ("Placement Fees").

Carried Interest

As further described in *Item 6 – Performance-Based Fees and Side-by-Side Management* below, in addition to the Management Fee, each Fund (and indirectly, Investors in the Fund) is required to pay to the General Partner certain performance-based compensation ("Carried Interest"). Certain Fund Investors are permitted to negotiate different Carried Interest arrangements. Investors and prospective Investors should refer to Fund Governing Documents for a detailed description of the Carried Interest and other distribution provisions. For additional details about such performance-based compensation, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

Portfolio Company Fees

Pursuant to Fund Governing Documents, Coalesce and its affiliates could be entitled to receive topping, break-up, monitoring, directors', organizational, set-up, advisory, and other similar fees in connection with the consummation, monitoring, or disposition of investments or from unconsummated transactions, including warrants, options, derivatives and other rights, in each case valued as of the grant date ("Other Fees").

Other Fees will first be applied to reimburse the Firm or its affiliates for their unreimbursed out-of-pocket expenses (including, without limitation, applicable taxes) in connection with the transaction giving rise to such Other Fees and for any unrecouped fees and expenses for the Fund's Allocable Share (as defined below) of 100% of the balance, if any, will be applied to transactions not consummated and other Fund Expenses that the General Partner or the Firm has elected to pay. Thereafter, a Limited Partner's pro rata share (based on its commitment relative to the aggregate commitments to the Fund) reduce the subsequent installments of the Management Fee. In the event any amounts applied to reduce the subsequent installments of the Management Fee in any quarter exceed the Management Fee payable during such quarter, such excess amount will be carried forward and applied against any subsequent Management Fees that may become due and payable hereunder.

The Fund's "Allocable Share" of any Other Fees will be based on the aggregate amount invested or to be invested by the Fund in such Portfolio Investment or prospective investment giving rise to such Other Fees relative to the aggregate amount invested or to be invested in such Portfolio Investment or prospective investment by a Fund, any parallel fund, Alternative Investment Vehicle or other entity formed to make a direct or indirect investment in connection therewith, any Co-Investment Vehicle, any co-investor or any other transaction participant.

For the avoidance of doubt, any fees payable by or in respect of any co-investor will not offset the Management Fee and will be retained by the recipient thereof or its designees. Any such offsets that would otherwise be allocable to the General Partner (or its affiliates) in respect of its commitment or to any Co-Investment Vehicle, any co-investor or any other transaction participant will not be applied to reduce the Management Fee payable in respect of any Limited Partner and will be retained by the recipient thereof or its designees.

The members of the Coalesce Executive Board and Coalesce Specialist Network (as described in *Item 10 – Other Financial and Industry Activities and Affiliations*) are senior advisors and are not affiliated with or employees of Coalesce. Any compensation (including equity interests), expense reimbursements or other amounts received by such Coalesce Network members are expected to be paid by the Funds and/or their Portfolio Companies and will not offset the Management Fee, nor will they otherwise be covered by the Management Fee.

Coalesce Network Expenses

Consistent with Fund Governing Documents, Coalesce or one or more of its affiliates have and generally expect in the future to engage or retain former and current industry executives, third party consultants or investment professionals who will collectively comprise the "Coalesce Executive Board" and/or the "Coalesce Specialist Network" to assist the Manager in sourcing and diligencing transactions, providing consulting or related services to the Funds' Portfolio Companies, working with the Funds' Portfolio Companies on specified projects and initiatives, and/or serving on the board of directors of certain of the Funds' Portfolio Companies (collectively, the "Coalesce Network Members"). A Fund and/or one or more Portfolio Companies (a) expects to pay one or more Coalesce Network Members consultancy, advisory, directors', monitoring, transaction, sourcing or other similar fees for services provided in respect of the

Fund or one or more potential and existing Portfolio Investments, and (b) will reimburse each Coalesce Network Member for such person's respective out-of-pocket expenses incurred in performing any services for the Fund ("Coalesce Network Expenses"), including any expenses incurred in connection with performing services for one or more of its potential or existing portfolio investments.

Coalesce Network Members are independent contractors and are not employees or affiliates of Coalesce. They are individually engaged by the Fund and/or its Portfolio Companies and will receive compensation for their services, including cash and/or equity grants. Such compensation is an expense borne directly or indirectly by the Funds. It will not offset nor will it be covered by the Management Fee. If a Portfolio Company of a Fund directly engages a Coalesce Network Member, such Portfolio Company will bear the expenses in connection with such person's services (including the Coalesce Network Members' compensation which may be in the form of equity grants), and therefore each Fund indirectly bears the expense of any such Coalesce Network Members. Any amounts paid to Coalesce Network Members by a Fund or a Portfolio Company will not offset or reduce any amount of the Management Fee payable by a Fund to the Manager. Coalesce Network Members are permitted to co-invest alongside a Fund in certain Portfolio Investments.

Fund Expenses

The Funds generally pay all costs and expenses relating to its activities and operations (to the extent not borne or reimbursed by a Portfolio Company), including, without limitation, (i) Organizational Expenses, including any Excess Organizational Costs paid by the Fund, (ii) the Management Fee, (iii) placement fees, (iv) all costs and out-of-pocket fees, expenses, obligations and liabilities relating to or attributable to sourcing, investigating, identifying, analyzing, evaluating, researching, diligencing, pursuing, committing to, bidding on, seeking regulatory approvals of, structuring, developing, negotiating, acquiring, purchasing, investing, syndication, holding, hedging, monitoring, managing, restructuring, refinancing, seeking disposition opportunities for and disposing of, the Fund's investments (and prospective investments), whether or not consummated and whether or not incurred, before, during or after the holding of any such investment, including, without limitation, organizing and operating investment, holding, bidding, acquisition, aggregation or other intermediate entities formed to facilitate investments by the Fund, commitment fees or other lenders' fees that become payable in connection with a proposed Portfolio Investment, fees and expenses related to negotiating and complying with non-disclosure and confidentiality agreements, travel costs and ancillary expenses (including, without limitation, airfare at no greater than first class rates, ground transportation, lodging and accommodations, meals and travel agency fees and reasonable business-related entertainment expenses), third-party consulting and deal investigation, sourcing and identification fees and expenses, broker, finder, investment banking, legal and accounting and other similar fees and expenses, costs and expenses of any representation and warranty insurance and/or other similar insurance, and printing expenses, (v) all Broken Deal Expenses (defined below and in Fund Governing Documents), but only to the extent that such fees and expenses exceed topping and break-up fees applied against such expenses, (vi) all legal, accounting, auditing, administrative, custodian, appraisal, valuation (including all costs, fees and expenses associated with third-party valuations, appraisals or pricing services), consulting, brokerage, banking, depositary, agency, paying agent, trustee, public relations/communications consultants, service provider and other similar fees and expenses (including, without limitation, courier fees and expenses related to conference calls), all costs, fees and expenses of meetings of Limited Partners, fees of any administrator of the Fund and costs and expenses of D&O and/or E&O liability insurance or other insurance, other out-of-pocket fees, costs and expenses associated with monitoring compliance with a Fund's Governing Documents, any side letter agreements (including expenses related to the "most-favored nations" or similar processes and preparation of any compendiums or summaries of such documents and provisions) and any other agreements related to the Fund and with the preparation and delivery of Fund financial statements, tax returns and other tax-related documentation and reports and notices to Fund Investors (including all costs, fees and expenses associated with the Fund's

administration or reporting software), any costs and expenses incurred or paid with respect to the “partnership representative” or the designated individual or any person acting in a similar capacity under state, local, or other law, and costs and expenses related to attendance at industry conferences and subscription to industry publications and research services attributable to the activities of the Fund, (vii) all costs, fees and expenses associated with developing, licensing, implementing, maintaining or upgrading all web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services and services that also benefit the General Partner and its partners, employees and affiliates) for the benefit of the Fund or the Limited Partners, including tools related to fund administration, investor relations, accounting, tax reporting or compliance, legal, financial data, recruiting and networking, the valuation, sourcing, and conducting diligence of any current or potential Portfolio Investment and operational improvements (including hiring) at such Portfolio Companies and gathering information from such Portfolio Companies for financial or tax reporting purposes, (viii) all costs, fees and expenses associated with any activities with respect to protecting the confidential or non-public nature of any information or data or providing for the cybersecurity of such data, (ix) expenses of the Advisory Committee incurred in accordance with a Fund’s Governing Documents and holding meetings thereof, and all costs and expenses of any votes or consents of Partners or the Advisory Committee or any amendments to or waivers of a Fund’s Governing Documents or any related agreement, (x) extraordinary expenses, liabilities, indemnities and other obligations of the Fund (including, but not limited to, litigation, audit, investigation and indemnification costs and expenses, judgments, penalties, fines and settlements) and the fees, costs and expenses of complying with applicable law, rules and regulations, (xi) all fees, costs and expenses of maintaining the existence of the Fund and the General Partner (and its general partner) and any investment, holding, bidding, acquisition, aggregation or other intermediate entities formed to facilitate investments by the Fund, including, without limitation, franchise taxes and partnership registration and registered agent fees and expenses and complying with applicable laws, rules, regulations, orders and directives, including, without limitation, reports, notifications, filings, disclosures, registrations and affirmations, (xii) all fees, costs and expenses of the wind down of the Fund and the General Partner (and its general partner) and any investment, holding, bidding, acquisition, aggregation or other intermediate entities formed to facilitate investments by the Fund and the liquidation of the assets of the Fund in connection therewith, (xiii) all debt service obligations, including principal, interest, premium, if any, fees, expenses and other amounts payable in respect of indebtedness of the Fund, including, without limitation, any fees (including, without limitation, commitment, arrangement, set-up, administration, placement and other similar fees) and expenses incurred as a result of the implementation (including negotiation and documentation), utilization and refinancing of any credit facility or other indebtedness or Credit Support, (xiv) all taxes, duties, fees and other governmental charges levied against the Fund (other than any such taxes, duties, fees or charges levied in respect of or otherwise in connection with any specific Partner(s) or allocated to any Partner(s) pursuant to a Fund’s Governing Documents) and all related filing fees and tax consulting fees and expenses, (xv) subject to apportionment among the Partners pursuant to a Fund’s Governing Documents, all costs and expenses associated with any organization, maintenance and operation of any Alternative Investment Vehicle, blocker corporation, intermediate entity, or any other entity or vehicle through or in which Portfolio Investments or Bridge Financings are made (other than any blocker expenses), (xvi) all third-party fees, costs and expenses incurred in connection with establishing, implementing and/or measuring the impact of environmental, social and governance policies or programs with respect to the Fund or its Portfolio Investments or prospective investments, including without limitation, all third- party fees, costs, and expenses incurred in connection with climate risk assessments and any other assessments, advice or reports conducted as part of the General Partner’s promotion or evaluation of environmental, social and governance objectives, (xvii) all fees, costs and expenses incurred in connection with the Fund’s compliance or filings related to the Directive 2011/61/EU on Alternative Investment Fund Managers or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction, including as implemented in the United Kingdom following its withdrawal from the European Union (the “AIFMD”) and other similar laws, including, without limitation, the fees and expenses of any service provider (including expenses and costs related to appointments or changes of any depositary

appointed pursuant to the AIFMD or other similar laws), costs and expenses related to appointments or changes of the Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act dated June 23, 2006 (as amended) and the implementation thereof) and fees, costs and expenses of locally licensed intermediaries or distributors that the Fund is required to engage in order to offer interests in the Fund in particular jurisdictions outside of the United States, (xviii) Coalesce Network Retainers and Coalesce Network Expenses, and (xix) any other expense borne by the Fund pursuant to a Fund's Governing Documents, in each case, including to the extent incurred prior to the first closing. All fees, costs and expenses described in this paragraph and any other similar fees, costs and expenses in respect of a Fund, are referred to herein as "Fund Expenses."

As used herein, "Broken Deal Expenses" means all fees, costs and expenses incurred (including, without limitation, any such fees, costs and expenses incurred prior to the first closing) in connection with prospective investments and other transactions that are not consummated, including, without limitation, all due diligence fees, costs and expenses, legal and accounting fees, costs and expenses, fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for such prospective investment or other transaction, deposits or draw-down payments that are forfeited in connection therewith, and reverse break-up fees or termination fees, expense reimbursement amounts or other amounts payable to the sellers, targets, advisors, service providers or other counterparties or third-parties, related to such transaction, or other liabilities or obligations in respect of such unconsummated transactions or investment opportunities, and travel costs and ancillary expenses in connection therewith (including, without limitation, airfare at no greater than first class rates, ground transportation, lodging and accommodations, meals and travel agency fees and reasonable and business-related entertainment expenses) and costs and expenses of any representation and warranty insurance and/or other similar insurance.

Manager Expenses

The Firm will bear all routine overhead expenses of the Manager, including, without limitation, rent, utilities, compensation and benefits of employees, office furniture, fixtures, computer or other equipment and any bookkeeping expenses related to the General Partner or the Manager.

Co-Investor Fees and Expenses

The General Partner and any of its affiliates may, in their discretion, charge Carried Interest, Management Fees or other compensation to any co-investors and any such amounts will not inure to the benefit of the Funds or offset the Management Fee. Each Investment Team Co-Investment Vehicle (as such term is defined in the Fund Governing Documents and *Item 11* below) is expected to bear its proportionate share of costs directly associated with completing a Portfolio Investment, however, it will not bear any Broken Deal Expenses. Investment Team Co-Investment Vehicles will not pay a Management Fee or Carried Interest.

In the event that any potential investment of a Fund or any Alternative Investment Vehicle results in Broken Deal Expenses and all or a portion of such Broken Deal Expenses are not actually paid or reimbursed by any potential Co-Investment Vehicles, co-investors or other third parties or transaction participants, as applicable, a Fund (together with any parallel funds and Alternative Investment Vehicles, as applicable) will, unless otherwise determined by the General Partner in its discretion, be required to bear one hundred percent (100%) of the amount of any such Broken Deal Expenses.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Carried Interest

As mentioned in *Item 5 – Fees and Compensation*, the General Partner of a Fund is generally eligible to receive performance-based compensation or “Carried Interest.” The Carried Interest is effectively equivalent to a percentage of a Fund’s net profits, subject to certain terms and conditions set forth in Fund Governing Documents and relevant agreements with Investors or co-investors. Any performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act and the rules promulgated thereunder, which specify certain qualification thresholds for Investors in Coalesce being assessed such a fee. All Investors will be required meet such qualifications. Any share of Fund net profits paid to the General Partner is separate and distinct from, and in addition to, any annual Management Fee charged by Coalesce to the Funds.

Within 120 days of the third anniversary of the expiration or termination of the investment period and the end of a Fund’s term, the General Partner will be required to return to the Fund the greater of (i) the amount (if any) by which cumulative Carried Interest distributions received by the General Partner exceed 20% of the aggregate distributions made by the Fund in respect of each Limited Partner (including any Carried Interest amounts, but excluding any earnings from Bridge Financing or temporary investments) in excess of the aggregate capital contributions of such Limited Partner, or (ii) the amount required for each Limited Partner to receive a return of its capital contributions that are above as of the date of determination, plus an 8% cumulative annual return (compounding annually) on such capital contributions, in each case net of any taxes imposed on the General Partner and its direct and indirect owners in respect of the Carried Interest (including tax liabilities attributable to property distributed in kind). The foregoing return would come out of such General Partner’s Carried Interest distributions (for distribution to the Limited Partners, on a partner-by-partner basis).

Mitigating Conflicts of Interest Associated with Carried Interest

Carried Interest creates an incentive for Coalesce to make more speculative investments for the Funds than it would otherwise make in the absence of such performance-based compensation. For instance, Carried Interest generally entitles the General Partner of each Fund to a percentage of net profits of the Fund, subject to certain terms and conditions set forth in Fund Governing Documents; however, the General Partner does not have to bear the same proportion of the net losses, if any, suffered by the Funds. Coalesce seeks to mitigate conflicts associated with Carried Interest by, among other things, terms in certain Fund Governing Documents such as (i) the requirement that invested capital and expenses be returned to Investors before the General Partner and its affiliates are entitled to receive any Carried Interest, (ii) the requirement that the General Partner and its affiliates will commit to the Fund the lesser of (a) 2% of capital committed or (b) \$15 million, and (iii) the clawback obligation of the General Partner upon dissolution of the Fund.

Additionally, in allocating investment opportunities, there are incentives to favor a Fund with higher potential performance fees or Carried Interest allocations over Funds with lower or no potential performance fees or Carried Interest allocations. Initially, Coalesce will only manage the Funds and investment vehicles described in this Brochure. Subject to Fund Governing Documents, neither the General Partner nor any affiliate of the General Partner generally may conduct an initial closing of another blind-pool investment fund (a “Co-Investment Vehicle”) that has a substantially similar investment strategy as the Fund that is controlled or managed by the General Partner, the Manager or any of their respective affiliates, other than as permitted in Fund Governing Documents, until (i) the expiration or termination of

the Investment Period or (ii) the date on which the Fund has invested, used to pay Fund expenses, committed to invest, reserved for follow-on investments or future Fund expenses, at least 75% of the aggregate capital commitments of the Fund.

During the Investment Period, the approval of the Fund's limited partner advisory committee ("Advisory Committee") will be required prior to any Co-Investment Vehicle making any investment that would otherwise have been allocated to the Fund if the Co-Investment Vehicle had not been formed, to the extent that a Fund (or any Alternative Investment Vehicle) is not also participating in such investment at substantially the same time as the Co-Investment Vehicle (other than any follow-on investment in respect of an investment that was made solely by a Co-Investment Vehicle (and not the Fund) which was previously approved by a Fund's Advisory Committee.

Coalesce has discretion to allocate investments in a Portfolio Company between its Funds and one or more Co-Investment Vehicles and to allocate co-investment opportunities (each, a "Co-Investment Opportunity") among co-investors, and certain employees or partners of the Firm, to the extent permitted by a Fund's Governing Documents. To the extent that any Co-Investment Vehicle and individual co-investors have negotiated different Carried Interest arrangements than a Fund or other co-investors, there could be an incentive to favor the Fund, Co-Investment Vehicle or co-investor with higher potential Carried Interest allocations. Investment and Co-Investment Opportunities are generally offered at the discretion of the Firm or General Partner pursuant to provisions in Fund Governing Documents and described further below in *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Allocation of Investment Opportunities*.

Coalesce is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, Coalesce will work closely with each Fund's Advisory Committee to ensure that all potential conflicts are properly managed. The role of the Advisory Committee is further described in *Item 13 – Review of Accounts*. Investors should refer to the specific provisions of the Fund's Governing Documents for a more detailed discussion regarding the allocation of investment opportunities. See also *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Allocation of Investment Opportunities*.

ITEM 7 – TYPES OF CLIENTS

As noted in *Item 4 – Advisory Business*, Coalesce provides discretionary investment advisory services to the Funds, which are pooled investment vehicles operating as private investment funds exempt from registration under the Investment Company Act. Each Investor in a Fund must meet the eligibility provisions outlined in *Item 4* above. Investments in the Funds may be subject to a minimum initial investment amount per Investor, subject to increase, decrease or waiver at the discretion of Coalesce and the General Partner of the Fund.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Coalesce seeks to generate equity-like returns for Fund Investors through investments in business services companies, which generally means companies that provide primarily services and activities, often leveraging human capital and technology-enabled processes, rather than physical products.

The Investment Team seeks to accomplish its Funds' investment objectives by seeking to acquire controlling stakes (either on a standalone basis or with co-investment) in companies it believes offer a distinguished and asymmetric return profile with limited market-led downside and substantial performance-led upside.

Below is a summary of the methods and strategies Coalesce generally expects to deploy on behalf of the Funds and a summary of the risks involved with such strategies and an investment in the Funds. Investors must review the applicable PPM and the detailed discussion of the methods of analysis, risks, and conflicts therein. Investment in a Fund entails a high degree of risk and should be undertaken only by Investors capable of evaluating the investment risks and bearing them, including a complete loss of invested capital. There can be no assurance a Fund will meet its investment objectives or successfully carry out its investment programs.

Coalesce conducts due diligence evaluations from the time an investment opportunity is identified through the closing of the transaction. The timing and staging of due diligence evaluations are driven by transaction- and opportunity-specific metrics. The due diligence process is focused on verifying that the underlying fundamentals of each business are attractive and that the investment fits well in the Coalesce investment criteria. Each investment will be staffed by a team of investment professionals who are responsible for leading the internal review process, organizing resources, and managing third-party diligence providers.

Investment Risks

Prospective Investors should carefully consider, among other factors, the investment considerations described in detail in the Funds' PPM and Governing Documents, each of which could have an adverse effect on the value of the Interests in the Funds. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the Funds will meet their investment objectives or otherwise be able to successfully carry out its investment program. The Funds' returns may be unpredictable and, accordingly, the Funds' investment program is not suitable as the sole investment vehicle for an investor. An investor should only invest in a Fund as part of an overall investment strategy. Based on, among others, the factors described in the PPM and summarized below, a risk of partial or total loss of capital is possible and prospective Investors should not invest in the Funds unless they can readily bear the consequences of such loss.

The following is a high-level summary of various risks attendant to an investment in the Funds and our investment strategies and is not a complete list of all investment and operating risks associated with such investment. **Investors should refer to the Funds' PPM for more comprehensive discussion of risks and conflicts of interest. The Funds and Investors in the Funds should be prepared to bear losses in both principal invested and unrealized capital gains.**

Adviser & Fund Selection Risks

An Investment in a Fund Will Not be Suitable for All Investors

An investment in the Funds requires a long-term commitment with no certainty of return. Portfolio Investments may not generate current income. Therefore, the return of capital and the realization of gains, if any, from a Portfolio Investment generally will occur upon the partial or complete realization or disposition of such Portfolio Investment. While a Portfolio Investment could be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most of the Funds' Portfolio Investments will not occur for a number of years after such Portfolio Investments are made. There can be no assurances that purchasers of, or realization opportunities for, the Funds' Portfolio Companies will be found. Further, the terms of any disposition or realization transaction will necessarily be affected by economic and other market conditions at the time. Similarly, a Fund generally will not be able to sell securities of a Portfolio Company publicly unless the issuer has gone public and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases, a Fund could be prohibited or limited by contract from selling certain Portfolio Company securities for a period of time and, as a result, may not be permitted to sell a Portfolio Investment at a time it might otherwise desire to do so.

An investment in the Funds is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment, who understand that they could lose all or a significant portion of their invested capital and who have the wherewithal to fund amounts due over time in respect of their Commitments. Investors must be willing to bear the economic risk of an investment in the Funds for an indefinite period of time. Any investor interested in an investment in the Funds should conduct its own investigation and analysis of the product and consult its own professional advisers as to the risks involved in making such an investment.

Restrictions on Transfer and Withdrawal; Lack of Liquidity for Interests

The Fund interests have not been, nor will they be, registered or qualified for sale under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction; and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be effected. There is no public or private market for Fund Interests and none is expected to develop. In addition, Fund Interests are not transferable and cannot be sold, transferred, pledged, mortgaged, charged, assigned, hypothecated or otherwise encumbered except with the prior written consent of the General Partner (which may be withheld by the General Partner in its sole discretion), and subject to the terms and conditions of Fund Governing Documents. Limited Partners cannot withdraw capital from a Fund. Consequently, Limited Partners are unlikely to be able to liquidate their investments prior to the end of the Fund's term.

Prior Investment Performance Not Indicative of Future Results

The performance of prior investments by the Principal while employed at Warburg Pincus (collectively, the "SG Investments") is not necessarily indicative of the Fund's future results. While the General Partner intends to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the historical investment returns generated by the SG Investments will be achieved. The Fund is a newly formed entity and has no prior operating history upon which an investor can base its prediction of future success or failure. The Fund will make investments under different market and economic conditions than those prevalent when the previous investments were made. On any given investment, total loss of the investment is possible.

Dependence on Key Personnel

The success of a Fund depends in substantial part upon the skill and expertise of the Principal and the other individuals employed by the Manager and its affiliates. There can be no assurance that the Principal or such other personnel will continue to be members of, employed by or available to the General Partner or the Manager. The loss of service to a Fund of the Principal or such other personnel could have a material adverse effect on the success of a Fund. In addition, although the Principal will devote substantially all of her business time and attention to the business of a Fund as she reasonably considers necessary to carry out the operations of the Fund effectively, subject to the terms of a Fund's Governing Documents, the Principal will continue to be involved in certain activities other than the management of the Funds.

Private Equity Risks

Limited Partners' Interests in the Funds Have Limited Transferability.

Limited partners may not sell, assign or transfer their interests (other than to an affiliate, subject to the requirements set forth in Fund Governing Documents) without the prior written consent of the General Partner of the applicable Fund, which consent is subject to staying within a safe harbor so that the Funds will not risk being deemed "publicly traded partnerships."

The Funds Invest in Illiquid Securities with a Limited Secondary Market.

The Fund is closed-ended. Most investments made by the Funds initially will not have a readily available public market. In addition, the transferability of certain investments could, and in certain cases is likely to be, restricted under the terms of Fund Governing Documents.

Nature of Private Equity Investments

Private equity securities generally represent the most junior position within the issuer's capital structure and are therefore subject to the greatest risk of loss. Fund investments could be associated with a leveraged transaction, increasing the financial risks of the issuer. Targeted returns will reflect the assumed level of risk, but there can be no assurance that the Funds will be adequately compensated for risks taken. A Fund typically would not receive interim cash dividends or other distributions on its private equity investments during its holding period, but would realize its entire return upon eventual redemption or sale. The timing of ultimate realization is highly uncertain as there can be no assurance that the issuer will be able to generate sufficient cash to redeem them, and these securities will have no readily available market for liquidity. As a result, the holding period for these securities could be lengthy or result in distributions in kind to the Limited Partners. While a Portfolio Investment could be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a Portfolio Company is made. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, a Fund could be prohibited by contract from selling certain securities for a period of time. Even where a Fund holds freely tradable publicly traded securities, the Funds' positions could represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when a Fund wishes to dispose of or reduce its position in such company by selling shares into the market.

Growth Company Investments

The Funds' strategy includes investing in potential high-growth platforms and companies. Such companies may be more volatile due to their limited product lines or services, markets or financial resources, or their susceptibility to major setbacks or downturns. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private

investments in lower- and middle-market companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

Risks of Early-Stage Investments

The Funds' strategy includes investing to invest in the securities of smaller, less-established companies. These types of companies often experience unexpected problems in the areas of operations, marketing and general management, which, in some cases, cannot be adequately solved. In addition, these companies could require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small. In addition, the securities of such companies could be subject to more abrupt and erratic market price movements than larger, more-established companies, because trading volumes for their securities are generally quite low. Less-established companies tend to have less capital and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies could also have shorter operating histories on which to judge future performance. The Funds have not established any minimum size for the companies in which they will invest.

Intellectual Property

Intellectual property may constitute an essential or important part of Portfolio Company assets and competitive strengths. One or more of the Funds' Portfolio Companies are likely to assert various forms of intellectual property protection, while other Portfolio Companies will have not acquired patents or other protections for their key inventions. Federal law, most typically, copyright, patent, trademark, and trade secret law, generally protects intellectual property rights. Although the Funds expect that their Portfolio Companies will take reasonable efforts to protect the rights to their intellectual property, third parties could develop similar intellectual property independently. Moreover, the complexity of trade secret, copyright, trademark and patent law, coupled with the limited resources of the Portfolio Companies and the demands of quick delivery of products and services to market, create a risk that Portfolio Company efforts to prevent misappropriation of their technology will prove inadequate.

In addition, Portfolio Companies may license intellectual property from third parties and it is possible that they could become subject to infringement actions based upon their use of the intellectual property licensed from those third parties. Portfolio Companies are generally expected to obtain representations as to the origin and ownership of such licensed intellectual property. However, this may not adequately protect such Portfolio Companies. Any claims against a Portfolio Company's proprietary rights, with or without merit, could subject it to costly litigation and divert its technical and management personnel from other business concerns. If a Portfolio Company incurs costly litigation and its personnel are not effectively deployed, the expenses and losses incurred by such Portfolio Company are likely to increase and its profits, if any, are likely to decrease.

Patent and intellectual property challenges are frequent within the technology industry. Third parties could assert infringement or other intellectual property claims against a Portfolio Company based on its patents or other intellectual property claims. One or more Portfolio Companies may have to pay substantial damages, possibly including treble damages, if it is ultimately determined that they have infringed on any such rights. In addition, they may also have to obtain a license to sell their products if it is determined that their products infringe another person's intellectual property. Such Portfolio Companies might be prohibited from selling their products before they obtain a license, which, if available at all, may require them to pay substantial royalties. Even if infringement claims against a Portfolio Company are without merit, defending these types of lawsuits takes significant time, is expensive and could divert management attention from other business concerns.

Products and Services

The business strategies of certain of Portfolio Companies may be highly dependent upon the successful launch and commercialization of an innovative technology, product, process, service, system, etc. There can be no assurance that the research or product development efforts of the Portfolio Companies or those of their collaborative partners will be successfully completed, that specific products or services can be manufactured or provided in adequate quantities at an acceptable cost and with appropriate quality, or that such products or services can be successfully marketed or achieve customer acceptance. In those situations, the Funds could incur a partial or total loss of the capital which it invested in such Portfolio Company.

Investments in the Technology Sector

The Funds expect to invest in a range of industry sectors, including the technology sector. Certain technology companies may have limited product lines or services, markets for financial resources, or may depend on a limited management group. In addition, these companies are strongly affected by worldwide technological developments, and their products and services may not be economically successful or may quickly become outdated by such developments.

Limited Operating History of Portfolio Companies

The operations of the Funds' Portfolio Companies will likely depend on the successful development and sales of each Portfolio Company's respective product offerings and services. Certain Portfolio Companies of a Fund will have limited operating histories with their respective products and services for which a Fund can use to evaluate their performance and prospects.

Reliance on Portfolio Company Management

In connection with making Portfolio Investments, the Funds will regularly seek management rights, including board representation or other rights, where appropriate. However, there is no assurance that these rights, if sought, will be obtained. Furthermore, even in cases where a Fund is represented on management boards or have other management rights, such Fund does not expect to have an active role in the day-to-day operations of its investments. The success or failure of many of the Funds' Portfolio Companies frequently depend to a significant extent on the financial and management talents and efforts of specific employees of such Portfolio Companies, whose death, disability or resignation could adversely affect the performance of the Portfolio Company. No assurance can be given that a Portfolio Company's management team will be able to operate the Portfolio Company successfully and there may be legal, contractual or practical limits on the Fund's or Portfolio Company's ability to affect changes in management on a timely basis and on the ultimate outcome of any such change. In addition, the Funds are likely to co-invest with non-affiliated co-investors, management teams, or joint ventures whose ability to influence the day-to-day management and affairs of the Portfolio Companies' investments may be significant and even greater than that of any Fund.

Risks in Effecting Operating Improvements

In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of a Fund to effect improvements in the operations of a Portfolio Company. The activity of identifying and implementing operating improvements at Portfolio Companies entails a high degree of uncertainty. There can be no assurance that Fund will be able to successfully identify and implement such improvements.

Control Position Risk

The Funds will make investments that allow a Fund to acquire control or exercise influence over management and the strategic direction of a Portfolio Company. The exercise of control over a company imposes additional risks of liability in circumstances where the limited liability characteristic of business operations of the company may be ignored. In a U.S. court ruling, the court held that a private equity fund was liable for the pension withdrawal liabilities of one of its Portfolio Companies because the private equity

fund was engaged in a “trade or business” through its management and operational control of its Portfolio Company. Thus, the exercise of control over a Portfolio Company by a Fund could expose the assets of a Fund to claims by such Portfolio Company and/or its executives, employees, pension beneficiaries, security holders and creditors and liability for environmental damage or clean-up obligations, product defects, failure to supervise management, pension and other fringe benefits, violation of laws and governmental regulations (including securities laws), violation of fiduciary duties to minority owners and other types of liability. While the General Partner intends to conduct the affairs of each Fund in a manner that will minimize the exposure of these risks, the possibility of successful claims cannot be precluded.

Minority Investments

The Funds could, under certain circumstances, make minority investments in entities where a Fund does not participate in the management or otherwise control the business or affairs of such entities or has only limited participation in the management of such entities. The General Partner will monitor the performance of each investment and maintain an ongoing dialogue with each Portfolio Company’s management team. However, it will be primarily the responsibility of the management of the Portfolio Company to operate such Portfolio Company on a day-to-day basis. Although it is the intent of each Fund to invest in Portfolio Companies with strong operating management that has a successful track record and with significant minority governance, there can be no assurance that a Portfolio Company’s management team will be able to operate the Portfolio Company successfully or that the Fund can exercise affirmative controls to effect decisions without the support of management.

Limited Number of Investments; Lack of Diversity

The Funds are expected to participate in a limited number of investments and there is no guarantee that the Manager and a Fund will be able to identify or acquire an appropriate volume of investment opportunities and, as a consequence, the aggregate returns of a Fund would be substantially affected by the unfavorable performance of a single investment. Because a Fund will only make a limited number of investments and since the Fund’s investments generally will involve a high degree of risk, poor performance by one or more of the Fund’s investments will materially affect the total returns to Investors. On any given investment, loss of all or a portion of the Investors’ capital is possible. Investors have no assurance as to the degree of diversification in the Fund’s investments. The Funds are not required to make investments that are diversified geographically or otherwise. Because Fund investments could be concentrated within relatively few industries, sectors, countries or regions, portfolio diversification will be less than would be possible if the Fund were to invest in a broader range of industries, sectors, countries or regions. Such reduced diversification could increase the volatility of the Fund’s returns, and could reduce the Fund’s returns relative to more diversified funds to the extent that such industries, sectors, countries or regions do not perform as well as other industries, sectors, countries or regions.

Available Opportunities and Competitive Marketplace

The success of the Funds depends on the availability of appropriate investment opportunities and the ability of the Manager, the Principal and the investment team of the Manager and its affiliates to identify, select, close and exit those investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable each Fund to invest all of its committed capital or that such investment opportunities will lead to completed investments by the Funds. The Funds will be subject to intense competition for investment opportunities with many sources of capital, including other private equity funds, financial buyers and strategic buyers. The population of financial buyers has increased in the past several years, and the aggregate capital available to such buyers is significant. Strategic buyers have been very active and often will pay more for an investment given the perceived synergies with their existing businesses. Many of the Funds’ competitors may have greater financial and other resources, better access to suitable investment opportunities, higher risk tolerances, lower cost of capital or an ability to achieve operational synergies that are not available to the Funds. As a result of this competition, there can be no assurance that

a Fund will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its committed capital.

Leverage

The Fund's investments could include companies whose capital structures utilize significant amounts of leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Although the General Partner will seek to use leverage in a prudent manner, the leveraged capital structure of such investments will increase the exposure of the Portfolio Companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the Portfolio Companies or their respective industries. Additionally, the securities acquired by a Fund could be the most junior in what may be a complex capital structure and thus subject to the greatest risk of loss.

General Investment Risks

Economic and Market Conditions

The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws, trade barriers, currency exchange controls, supply chain disruptions, sanctions, and national and international political conditions. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's assets. Volatility or illiquidity could impair the Fund's profitability or result in losses. The capital markets have experienced great volatility and financial turmoil, including, without limitation, following the COVID-19 outbreak and the recent outbreak of war between Russia and Ukraine. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature – including sanctions) may have a negative effect on market conditions. General fluctuations in the market prices of investments and economic conditions generally may affect the Fund's ability to make investments. Instability or volatility in the markets and economic conditions generally (including during periods of high inflation and/or a slow-down in economic growth) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the investments.

Investments in Public Companies

While the Funds do not expect investments in public companies to be a meaningful focus of its efforts, a Fund could invest in public companies or take private small-cap Portfolio Companies public. Investments in public companies will subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times (including due to the possession by the Fund of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which may include the Principal and other members of the Coalesce Capital investment team, regulatory action by the domestic or foreign securities regulators and increased costs associated with each of the aforementioned risks.

In addition, in connection with investments in public companies, a Fund may be unable to obtain financial covenants or other contractual rights that it might otherwise be able to obtain in making directly originated or otherwise privately negotiated investments. Moreover, the Funds may not have the same access to information in connection with investments in public securities, either when investing a potential investment or after making an investment, as compared to privately negotiated investments. The Funds may also be limited in their ability to make investments, and to sell existing investments, in public securities because they may be deemed to have material, non-public information regarding the issuers of those securities. The inability to sell public securities in these circumstances could materially adversely affect the investment results of a Fund.

Special Risks Associated with Non-U.S. Investments

The Fund could invest a portion of its Commitments in Portfolio Companies that are organized and operating primarily outside of United States. These investments will involve special risks not typically associated with investments in securities of U.S. issuers, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability; (b) differences among U.S. and foreign practices, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, the relatively greater price volatility and illiquidity of foreign securities markets; (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another; and (d) tax-related issues, including the possibility of withholding taxes, confiscatory foreign taxes, and double taxation of income earned overseas.

Currency Risk

Although the functional currency of the Funds will be United States dollars, a Fund could from time to time make investments using currencies other than United States dollars. Unless otherwise agreed by the General Partner and a Limited Partner, all capital contributions to be made by the Limited Partners will be in United States dollars and all cash distributions from the Fund will be denominated in United States dollars. The value of a Limited Partner's Interest or the value of the investments made by a Fund may fluctuate as a result of the impact of economic and political changes on currency exchange rates.

Hedging

The Funds or their Portfolio Companies are permitted to employ futures, options, swaps, forward contracts and other derivative transactions and hedging techniques to seek to preserve a return on a particular investment or to seek to protect against or mitigate risks to which a Fund and its investments are exposed, including but not limited to risks associated with currency or interest rate fluctuations. Such transactions have special risks associated with them, including the risk of possible default by the counterparty to the transaction, difficulty in valuation, exposure to significant valuation swings caused by price changes in commodities or other underlying assets, unforeseen economic developments, and the illiquidity of the instrument acquired by a Fund relating thereto. In addition, in the event of an imperfect correlation between a position in a hedging arrangement and the risk exposure or investment value that it is intended to hedge, the desired protection may not be obtained and a Fund may be exposed to loss. It is not possible to hedge fully or perfectly against all risks. The General Partner will not attempt to hedge against all risks, and certain risks could exist that cannot be hedged. Furthermore, although such transactions could reduce the Funds' exposure to risks such as currency or interest rate fluctuations or decreases in the value of investments, the costs associated with these arrangements may reduce the returns that the Funds would have otherwise achieved if it had not entered into these transactions and could expose a Fund and its Portfolio Companies to significant risk of loss.

Regulatory Risks.

The Funds rely on various exemptions from federal and state statutes and rules, such as the U.S. Employee Retirement Income Security Act of 1974, as amended, the Investment Company Act, the Securities Act and the Commodities Exchange Act, to operate without having to register under such statutes and rules. Loss of any such exemption, or a change in these or any other rules and regulations, such as those promulgated under the Advisers Act and the U.S. Internal Revenue Code, could impact a Fund's ability to continue to operate as it currently does.

Additionally, the Firm is subject to regulation under the Advisers Act. The SEC has intensified its focus on private fund advisers and periodically examines advisers to assess their compliance with Advisers Act requirements. Any examination findings of the SEC staff may impose new costs or require changes in the Firm's current or planned business operations. The Firm's failure to comply with the Advisers Act or other regulatory requirements could lead to, among other remedies, administrative enforcement actions and legal proceedings.

The Funds will make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities, counties and countries in which they operate. Certain industries that the Funds may invest in 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 industries the Funds invest in may be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in Portfolio Companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex and can be ambiguous or 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 Portfolio Companies in which the Funds invests.

The General Partner cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can it predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the Funds' investment performance. In addition, acquisition by a Fund of equity securities could result in reporting and compliance obligations under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the U.S. Communications Act of 1934, as amended, and other federal, state, local or non-U.S. laws, rules and regulations. The costs of compliance of any such regulations will be borne by the Funds.

Furthermore, extensive government regulation of certain industries in which the Funds may invest creates additional uncertainty and risks for the Funds. Obtaining regulatory approval could be a lengthy and expensive process with an uncertain outcome and may require public disclosures of a Fund's ownership, including in some cases the identity and other information regarding Investors. The Funds and existing or prospective Portfolio Companies may be unable to obtain necessary regulatory approvals on a timely basis, if at all, and the failure to obtain approval could have an adverse effect on the success of the Portfolio Companies.

Certain Portfolio Companies from time to time may have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject any such Portfolio Company's activities and labor relations matters to complex laws and regulations relating thereto. A Portfolio Company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any of such Portfolio Company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such Portfolio Company's facilities could have a material adverse effect on its business, results of operations and financial condition. Additionally, any such problems could bring scrutiny and attention to a Fund itself, which could adversely affect the Fund's ability to implement its investment objectives.

Tax Considerations.

An investment in a Fund is expected to involve complex U.S. or international income tax considerations that will differ for each Investor. Under certain circumstances, Investors could be required to recognize taxable income in a taxable year, even if the Fund either has no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income.

Conflicts of Interest.

Fund investments are subject to various conflicts of interest, including conflicts between Portfolio Companies, conflicts related to co-investment allocations or co-investors in specific companies, conflicts between various Fund Investors, and conflicts related to fees and expenses, or other conflicts between Coalesce and the Fund. See Section VIII of the Funds' PPM for important additional information regarding potential conflicts of interest. Certain of these conflicts are more fully discussed in *Item 10 – Other Financial and Industry Activities and Affiliations*, under *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, and Fund Governing Documents.

Operational and Macro Risks

Cyber Security

The Manager, the Funds, their affiliates, service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Manager, the Funds and their Investors, despite the efforts of the Manager and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Fund and its Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Manager, the Fund's service providers, counterparties or data within these systems.

Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Manager's systems to disclose sensitive information in order to gain access to Manager's data or that of a Fund's Investors. A successful penetration or circumvention of the security of Manager's systems could result in the loss, theft or corruption of an Investor's data, a loss of Fund data, a loss of funds, the inability to access electronic systems, overall disruption in operations systems, loss, theft or corruption of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. These threats may also indirectly affect a Fund through cyber incidents with third-party service providers or counterparties. Data taken in such breaches may be used by criminals in identity theft, obtaining loans or payments under false identities, and other crimes that could affect a Fund's Investors directly as well as affect the value of assets in which a Fund invests. These risks can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage, lead to violations of applicable laws related to data and privacy protection and consumer protection or incur regulatory penalties, all or part of which may not be covered by insurance. Cybersecurity risks also result in ongoing prevention and compliance costs. In addition, the Manager and/or a Fund may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information and adverse reputational reaction or litigation.

Similar types of operational and technology risks are also present for the Portfolio Companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause a Fund's investments to lose value and negatively impact returns to Investors.

Information Technology; Disaster Recovery

Information and technology systems of the Manager, the Funds and their Portfolio Companies 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 earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, the Manager, the Funds and/or a Portfolio Company

may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Manager'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 the Manager, a Fund's or a Portfolio Company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Natural Disasters, Terrorist Acts and Similar Dislocations

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on Portfolio Companies and other developing economic enterprises in such country. Terrorist attacks and related events can result in increased short-term economic volatility. The effects of future terrorist acts (or threats thereof), military action or similar events on the economies and securities markets of countries cannot be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation and other factors relating to a Fund's investments.

Global Economic Conditions; Market Dislocation

General global economic conditions may affect a Fund's activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other Investors in the financial markets may affect the value of investments made by the Funds. Instability in the securities markets may increase the risks inherent in Portfolio Investments made by a Fund and instability in the fixed income markets cause significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high yield bond markets, as well as in the wider global financial markets. To the extent a Fund's Portfolio Companies participate in such markets, the results of their operations may suffer. In addition, certain market events will have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of the Funds' Portfolio Companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, a Fund could lose both invested capital in and anticipated profits from such Portfolio Companies.

In addition, current global economic conditions may materially and adversely affect (i) the ability of a Fund, its Portfolio Companies or their respective affiliates to access the credit markets on favorable terms or at all in connection with the financing or refinancing of investments; (ii) the ability or willingness of certain counterparties to do business with a Fund or its affiliates; (iii) a Fund's exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents); (iv) consumer spending and demand for the products and services offered by the Funds' Portfolio Companies; (v) growth opportunities for the Fund's investments; (vi) a Fund's ability to exit its investments at desired times, on favorable terms or at all; (vii) availability of reliable insurance on favorable terms or at all; and (viii) the ability of a Fund's Limited Partners to meet their obligations to a Fund in a timely manner or at all.

National and global market and economic conditions may deteriorate during the term of the Funds, and such conditions could deteriorate materially and for an extended period of time. Market fundamentals across many continental European economies have worsened over the last several years, and it is possible that some period of market dislocation will exist during the term of a Fund. National and global concerns about future economic growth, lower consumer sentiment, rising unemployment, changes in demographics, market instability, inflationary pressures, fluctuating oil prices, adverse developments in the credit markets and mixed corporate earnings may present significant challenges to the national and global economies and equity markets. Any of the foregoing could have a material adverse impact on the Funds.

Global Health and Related Economic Risks

The impact of disease and epidemics may have a negative impact on the Manager, the Funds and their Portfolio Companies and each of their respective affiliates and the performance and financial position of each of the foregoing. The COVID-19 pandemic, renewed outbreaks of other epidemics or the outbreak of new epidemics have or could result in health or other government authorities requiring the closure of offices or other businesses and have or could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, the operations of any of the foregoing persons could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on any of the foregoing persons.

Business Continuity Plan

In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, the Manager will initiate its business continuity plan to safeguard that its employees have the resources and technology necessary to continue their responsibilities and meet Portfolio Company and Investor needs. The Manager is not able to predict the level of disruption that such catastrophic events may have on its operation or the ability of its plan to succeed in a time of crises. Thus, its business continuity plan may be insufficient to continue operating the Manager's business as usual in light of such unforeseen circumstances. Any insufficiency in the business continuity plan could cause interruption in the operations of the Manager, the Funds and their Portfolio Companies, and/or each of their respective affiliates. Similar types of operational risks are also present for the Portfolio Companies in which a Fund invests and the vendors, third-party suppliers or counterparties with whom a Fund or its Portfolio Companies transact, which could have material adverse consequences for such companies and may cause a Fund's investments to lose value.

Banking System Volatility

As of March 2023, the U.S banking system has experienced, and could continue to experience, significant volatility. While neither the Manager nor the Funds have any banking relationships with Silicon Valley Bank ("SVB") or Signature Bank, similar events at other U.S. or international banks could increase the Manager's and the Funds' costs, negatively impact a Fund's ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert the Manager's time, attention and resources away from the pursuit of a Fund's investment strategy. Furthermore, these closures, and any additional closures that could occur within the banking system, could also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and their major customers that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, the closing of SVB and Signature Bank could significantly exacerbate the normal risks associated with the Funds and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. Furthermore, the closing of SVB and Signature Bank could lead to financial system and participant regulatory reform, and such increased regulatory oversight could impose additional administrative burden on the Manager and a Fund. The foregoing could materially adversely impact a Fund's operations and its ability to realize its investment objectives in a timely manner, and it is currently unclear what the ultimate effect of the situation will be on the private equity industry and global markets as a whole.

Access to Deposits

The Manager, Funds and their Portfolio Companies maintain the majority of their respective cash and cash equivalents in accounts with major U.S. financial institutions, and the Manager's deposits at these institutions are expected to, from time to time, exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where the Manager maintains its and its Funds' cash and cash equivalents, there can be no assurance that the Manager would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect the Manager or the Funds' business and financial positions.

ITEM 9 – DISCIPLINARY INFORMATION

The Firm is required to disclose certain legal and disciplinary events presumed to be material, as specified in Item 9 of Form ADV, Part 2A and all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the Firm's advisory business or the integrity of its management.

None of the specific disciplinary or legal information required in Item 9 of Form ADV, Part 2A is applicable to Coalesce.

We expect to receive and respond to various inquiries, requests for information, subpoenas, routine examinations, and other requests from various government and regulatory bodies from time to time. In addition, while we do not believe the following event or its surrounding facts would have a material effect on an Investor's evaluation of the Firm's advisory activities or its management, we nonetheless disclose it here for avoidance of any doubt.

In connection with the IPO of Sotera Health Company ("Sotera"), Stephanie Geveda was named, along with all of the other directors of Sotera, the IPO underwriters/book-runners and co-managers in a securities class action lawsuit (the "Lawsuit"). The Lawsuit alleges, among other things, violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, based on allegedly materially false and misleading representations made in the Company's IPO registration statement concerning its emissions control systems and exposure to liability for failure to limit certain emissions. According to the complaint, information made public during the course of litigation relating to the emissions caused the Company's stock price to fall, causing Investor losses. The suit is being defended in the ordinary course.

ITEM 10 – OTHER FINANCIAL AND INDUSTRY ACTIVITIES AND AFFILIATIONS

Firm

Neither Coalesce nor its Principals are registered, nor do they plan to register as securities broker-dealers, futures commission merchants, commodity pool operators or commodity trading advisors. Coalesce Capital Management LLC and the Funds' General Partner have claimed relief, respectively, from registration as a commodity trading adviser or commodity pool operator with the Commodities Futures Trading Commission in reliance on exemptions from registration.

Co-Investment Vehicles

As noted above, Coalesce or its affiliates have and expect to structure other vehicles regularly to facilitate participation by certain Investors in investment opportunities to accommodate legal, tax, regulatory or other similar considerations of such Investors.

Coalesce is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties, Fund Governing Documents, and its internal policies. As appropriate, Coalesce will work closely with the Advisory Board(s) to ensure that all potential conflicts are properly managed. The Fund Governing Documents generally contemplate the ability to extend, modify, or make exception to these provisions with Advisory Committee notice or consent. Investors should refer to the specific provisions of Fund Governing Documents for a more detailed discussion regarding the allocation of investment opportunities.

Coalesce expects to offer co-investment opportunities to its Limited Partners alongside the Funds. There is no guarantee that any co-investment opportunities will be made available to any Fund Investors, and if made available, there is no guarantee that such co-investment opportunities will be profitable. See Section VIII "Potential Conflicts of Interest and Other Considerations," in the PPM.

Where appropriate, Co-Investment Vehicles organized to effect any co-investment will invest in each investment opportunity selected by Coalesce or the General Partner on substantially the same terms and conditions as a Fund, with such differences in the form of such investment as may be required by the legal, tax, regulatory or other similar considerations referred to above. Amounts allocated among a Fund and such vehicle are in the reasonable discretion of the General Partner subject to subject to available capital, including reasonable reserves, or other investment limitations applicable to each Fund and such vehicle.

As noted in *Item 5 – Fees and Compensation*, it is permissible for fee structures for Co-Investment Vehicles to be different from other Funds. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Related Party Investments* for additional information regarding the Firm's management of conflicts and potential conflicts.

Coalesce Involvement in Portfolio Companies

Coalesce anticipates that its Portfolio Company boards of directors will consist of approximately two Coalesce employees, with the remainder populated from the Coalesce Network (as defined below) as well as Portfolio Company management. In general, Coalesce expects to control the board.

The Founder and certain Principals of Coalesce spend or will spend a substantial portion of their business time on one or more of the Funds as required under the terms of the Fund Governing Documents. Please refer to *Item 4 – Advisory Business* for a discussion of this component of Coalesce’s services. The Founder and Principals’ involvement with Portfolio Company operations introduces a conflict of interest between the fiduciary duty he or she owes as a member of a Portfolio Company board and the fiduciary duty he or she owes to such Fund. As a result of such service, these individuals may become aware, from time to time, of material non-public information about the Portfolio Company or public companies affiliated with or that otherwise do business with the Portfolio Company. Such knowledge of material non-public information is likely to be attributed to Coalesce and creates a conflict of interest between the Portfolio Company and Coalesce. Coalesce’s *Code of Ethics* and related internal controls with respect to insider trading and safeguarding confidential information seek to prevent the potential misuse of such material non-public information. See the discussion of the *Code of Ethics* under *Item 11* of this Brochure.

Coalesce Specialist Network

The Firm uses operating partners (the “Coalesce Executive Board”) and special advisors (the “Coalesce Specialist Network,” together, the “Coalesce Network”) to help source deals and work with its Portfolio Companies.

The Coalesce Executive Board consists of highly talented former CEOs and Presidents of publicly and privately owned businesses who can act as board members, mentors and coaches for individual management team members and provide access to personal networks for other advisors and executives in return for the opportunity to personally co-invest in deals.

The Coalesce Specialist Network includes a broader group of talented industry executives with deep across executive sourcing, data science, HR, IT, operations, pricing, and sales & marketing. The Specialist Network members will be generally engaged to work in an outside board capacity, with one to three specific Portfolio Companies that have needs well suited to the individual’s functional area of expertise.

The members of the Coalesce Network serve as external consultants and are neither employed by nor do they exercise investment discretion on behalf of the Funds. Members will likely invest or co-invest in the Funds and in other investment products offered by the Firm. Any fees, compensation, incentive equity, other stock awards, expense reimbursements or other amounts received by such advisors may be paid by a Portfolio Company or prospective Portfolio Company or directly by a Funds, and shall not offset or otherwise reduce Management Fees payable by the Funds.

Other Activities

The Principals of Coalesce hold or may hold direct and/or indirect personal or family investments in various entities, public and private companies, investments and assets/properties, including Funds established or sponsored by Coalesce, their predecessors, or other entities, and serve or may serve on boards of directors, investment committees and advisory boards for such companies or entities. All Coalesce employees are subject to Coalesce’s *Code of Ethics and Insider Trading Policy*, which govern, among other things, personal trading activities, business activities outside Coalesce, handling of material non-public

information obtained either through Coalesce or activities outside Coalesce and the conflicts of interests related to such activities.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics and Fiduciary Duty

Coalesce has adopted a code of ethics (the “Code of Ethics”) setting forth the fiduciary standards of business conduct and compliance with applicable laws that are expected of Coalesce’s officers, partners, managers, members, employees, and any or other person who provides investment advice to the Funds on behalf of Coalesce and is subject to Coalesce’s supervision and control (each, a “supervised person”). The Code of Ethics addresses conflicts that may arise from personal trading conducted by Coalesce’s “access persons,” as that term is defined in Rule 204A-1 under the Advisers Act. The Code of Ethics is the primary policy document of Coalesce that defines the expectation and requirement of professional and ethical conduct by all supervised persons.

The Code of Ethics and compliance manual contains policies and procedures relating to (i) fiduciary standards of conduct for Coalesce and its personnel, (ii) personal securities transactions, (iii) insider trading, (iv) outside employment and business activities, (v) gifts and entertainment, and (vii) political contributions. Supervised persons receive the Code of Ethics upon hire and upon any material changes thereto. All supervised persons must initially, and annually thereafter, certify and acknowledge that they have received, read and understood, and agree to comply with Coalesce’s policies and procedures described in the Compliance Manual and Code of Ethics. Supervised persons are subject to disciplinary sanctions or termination for failure to honor the Code of Ethics.

Investors or prospective investors may obtain a copy of Coalesce’s Code of Ethics by contacting Coalesce’s Chief Compliance Officer, Bethany Foullois, by telephone at (646) 222-5910 or by email at bfoullois@coalescecapi.com.

Fiduciary Standards of Conduct

Coalesce always must act in its clients’ best interests. It is the policy of Coalesce to discharge its fiduciary duty in a manner that is consistent with the following:

- putting client interests first at all times;
- acting with the utmost good faith;
- providing full and fair disclosure of all material facts;
- never misleading clients;
- eliminating or responsibly managing all conflicts of interest; and
- disclosing material conflicts of interest to clients.

At all times, Coalesce and its supervised persons must comply with the letter and spirit of all applicable laws, including the Advisers Act and rules thereunder, as well as all applicable federal and state securities laws.

All supervised persons of Coalesce must act with competence, dignity, integrity, and in an ethical manner when dealing with clients, the public, third-party service providers and fellow supervised persons. Supervised persons must use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, and engaging in other professional activities.

Personal Securities Transactions

Coalesce generally considers all its supervised persons to be access persons. Coalesce's personal securities transactions policies and procedures apply to all accounts holding any securities over which access persons have any beneficial ownership interest, except for certain accounts over which the access person has no direct or indirect influence or control and accounts holding only open-end mutual funds, U.S. government securities or money market instruments that are exempt from reporting under Coalesce's Code of Ethics.

Coalesce monitors and controls personal trading by access persons through:

- receipt and review of each access person's personal securities holdings reports (required within 10 days of becoming an access person and annually thereafter) and quarterly transaction statements;
- maintenance of a restricted list of securities that to trade, access persons must receive pre-approval from the CCO or the Founder; and
- pre-approval from the CCO or Founder of any proposed trade in securities on Coalesce's restricted list, initial public offerings, and any private placements.

Employees are permitted to invest in the same securities held in the Funds, which could include public securities issued in the initial public offering of a Portfolio Company. Conflicts related to such personal holdings are addressed through the controls noted above. Employees are prohibited from engaging in front-running ahead of the Fund.

Insider Trading

Coalesce prohibits any supervised person from illegally trading, either personally or on behalf of others, on material non-public information. Further, Coalesce prohibits unauthorized access to or the disclosure of material non-public information to any entity regardless of the circumstances.

As discussed in *Item 10 – Other Financial and Industry Activities and Affiliations*, from time to time, Coalesce and its affiliates may obtain material, non-public information about another company. For example, an employee of Coalesce will likely serve on a board of directors of a company in which the Funds invest, either directly or indirectly. Serving in such a capacity may expose the employee, and by association Coalesce and the Funds, to certain limitations on the ability to trade in the securities of the company; therefore, the Funds' ability to trade in the securities of such company may become substantially restricted. The Funds' ability to buy and sell such securities may be limited to such times as company insiders are permitted to do so. These limitations may cause the Funds to forgo purchases or sales that it otherwise would make, thereby exposing the Funds to lost opportunities.

Coalesce monitors risks associated with material non-public information by:

- providing periodic employee education and training;
- monitoring outside business activities of access persons and their involvement in the management of the Portfolio Companies of the Funds;
- monitoring and restricting personal trading of access persons, their immediate family members and members of their household;
- requiring pre-approval of certain securities transactions;
- maintaining a restricted list of companies for which Coalesce or its access persons may have material non-public information; access persons are prohibited from trading in the securities of such companies; and
- maintaining a compliance program to monitor the activities of access persons.

Allocation of Investment Opportunities

Except as otherwise provided in Fund Governing Documents, during the Investment Period, any investment opportunity within a Fund's investment guidelines that is presented to the Firm must first be offered to a Fund. As noted in *Item 6 – Performance-Based Fees and Side-by-Side Management*, subject to Fund Governing Documents, neither the General Partner nor any affiliate of the General Partner generally may conduct an initial closing of a Co-Investment Vehicle until (a) the expiration or termination of the Investment Period, or (b) 75% of the Fund's aggregate capital commitments has been invested, used to pay Fund expenses, committed to invest, reserved for follow-on investments or future Fund expenses. During the Investment Period, a Fund's Advisory Committee must approve any Co-Investment Vehicle investment that would otherwise have been allocated to the Fund if the Co-Investment Vehicle had not been formed, to the extent that the Fund (or any alternative investment vehicle) is not also participating in such investment at substantially the same time as the Co-Investment Vehicle (other than any follow-on investment in respect of an investment that was made solely by a Co-Investment Vehicle (and not the Fund)) which was previously approved by a Fund's Advisory Committee.

Consistent with Fund Governing Documents, Coalesce has organized at least one Co-Investment Vehicle and anticipates that it will organize others from time to time, based on such factors as it deems relevant and in its discretion. The General Partner is similarly permitted to offer Co-Investment Opportunities to one or more (but not necessarily all) Fund Limited Partners and/or to third parties. Co-Investment Vehicles and co-investors invest alongside the Funds in one or more Portfolio Companies. Any Co-Investment Opportunity shall be on the terms and conditions (including as to the timing for providing a definitive response on participation in such Co-Investment Opportunity) determined by the General Partner in its discretion. The General Partner and any of its affiliates reserve the right to, in their sole discretion, make an investment in any vehicle formed in connection with any Co-Investment Opportunity to the extent it is necessary or advisable for legal, tax or regulatory considerations.

In addition, on an annual basis, the General Partner may provide notice to the Advisory Committee that the General Partner has elected to provide certain employees or partners of the Manager with opportunities to co-invest alongside a Fund (each such opportunity, an "Investment Team Co-Investment") at substantially the same time and on substantially the same terms as the Fund in any Portfolio Investments made by the Fund in the following year; provided that the aggregate annual amount of Investment Team Co-Investments made in any single year shall not exceed \$500,000. To facilitate these Investment Team Co-Investments, the Manager reserves the right to establish one or more Co-Investment Vehicles (each, an "Investment Team Co-Investment Vehicle").

The purchase and sale by the Fund and any Co-Investment Vehicles or other co-investors of any investment shall be made on substantially the same terms (subject to any legal, tax, regulatory or other similar considerations). Coalesce is focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavors to resolve any conflict with respect to investment opportunities in a manner that it deems equitable under the facts and circumstances, consistent with its fiduciary duties. As appropriate, Coalesce will work closely with a Fund's Advisory Committee to ensure that potential conflicts are properly managed. The role of the Advisory Committee is further described in *Item 13 – Review of Accounts*. Investors should refer to the specific provisions of the Governing Documents of the applicable Fund for more detailed discussion regarding the allocation of investment opportunities among the Funds.

Outside Business Activities

Supervised persons are expected to devote their business time and efforts to the business of the Firm and are prohibited from making use of their position as an employee, making use of information acquired during

employment, or making personal investments in a manner that could create a conflict or the appearance of a conflict, between the employee's personal interests and the interest of the Firm, the Funds or Investors.

Supervised persons generally must seek prior written consent of the CCO before serving as a director, manager, partner, member, trustee, officer, employee or contractor of any outside company or organization or receiving compensation from any outside company or organization; provided, however, the prior written consent of the CCO will not be required with respect to any non-investment-related activity that is exclusively charitable, civic, religious or fraternal and that is recognized as tax exempt, unless such activity raises actual or potential conflicts of interest with respect to the Firm and/or any of its clients.

Gifts and Entertainment

Supervised persons are permitted to receive gifts or attend business meals, sporting events and other entertainment events at the expense of a giver, provided that the gift or entertainment is not lavish or extravagant in nature. The Firm's gifts and entertainment policy implements internal controls to monitor the behavior of supervised persons, which include:

- requiring supervised persons to report gifts and entertainment above certain de minimis amounts to the CCO;
- requiring pre-clearance by the CCO for a supervised person's attendance at any entertainment event over a certain monetary threshold; and
- maintaining a gift and entertainment log to ensure that the Firm is informed of the activities of all supervised persons.

Political Contributions

The Firm has adopted a political contributions policy to facilitate compliance with rules regarding the political activities of registered investment advisers doing business with government entities (referred to as "pay-to-play" rules). Pursuant to such policy, covered persons are prohibited from directly or indirectly making, coordinating, or soliciting any U.S. political contribution, except as approved in writing by the CCO. Political contributions include any contribution to or for:

- Any candidate or candidate's campaign for federal, state, or local office;
- Any political party committee;
- Any political committee (such as a political action committee);
- Any other political organization exempt from federal income taxes under Section 527 of the Internal Revenue Code (e.g., the Republican Governors Association or the Democratic Governors Association);
- Any ballot measure campaign; or
- Any inaugural or transition committee of a successful candidate for federal, state, or local office.

Employee Interests in the Funds and Portfolio Companies

The General Partner and its affiliates and their respective employees, partners and members have agreed to commit to the Funds the lesser of 2% of capital committed and \$15 million. A portion of the General Partner's commitment may be structured as a Management Fee waiver. Supervised persons are permitted to invest directly in a Fund and have indirect beneficial interests in Fund Portfolio Companies through Co-Investment Vehicles or Investment Team Co-Investment Vehicles, as described above. As such, supervised persons are expected to share in any profits and losses generated by Fund investments. No supervised persons are expected to pay Management Fees or Carried Interest for direct investments in the Fund nor

will Investment Team Co-Investment Vehicles be charged a Management Fee or Carried Interest. When required by the respective Fund Governing Documents, supervised persons will be subject to their pro rata share of Fund or co-investment expenses with respect to such investments, other than Management Fees and Carried Interest.

No supervised persons otherwise own or have a beneficial interest in or are expected to own an interest in any Portfolio Companies.

Side Letters

Coalesce maintains its authority to enter into arrangements with certain Investors and co-investors, in connection with the Investor's admission into a Fund or Co-Investment Vehicle, without the approval of any other Investor. The arrangements have the effect of establishing rights under, or supplementing or modifying the terms of, the Governing Documents of the relevant Fund with respect to the Investor and may include rights or terms necessary to address specific legal, regulatory, investment or public policy restrictions of an Investor. Coalesce has and maintains its right to enter into future side letter agreements with Investors that establish rights under or alter or supplement the terms of a Fund's Governing Documents in a manner that is more favorable to such Investors than those applicable to other Investors. Subject to the terms of Fund Governing Documents, Limited Partners could become beneficiaries of more favorable side letter terms granted to other Investors. Such agreements generally include more favorable fees, Carried Interest or expenses, among other provisions.

All side letter agreements must be approved by Managing Partner. The CCO and Compliance Team are responsible for monitoring compliance with each side letter.

Principal & Related Party Transactions

Coalesce and its relevant affiliates are generally permitted, but do not expect, to engage in transactions with the Funds in securities in which they have a material financial interest or "Principal Transactions," as that term is defined in Section 206(3) of the Advisers Act, with the Funds without obtaining applicable Investor consent.

Although there are none at the time of this filing, affiliates of Coalesce are permitted to purchase seed investments prior to a Fund's final close with the intention that some or a portion of the investment will be sold or contributed to such Fund ("Warehoused Investments"). Such Warehoused Investments generally will be transferred to the Fund at cost. In addition to payment of the cost for the investment, the Fund may pay the respective affiliate an amount for the costs associated with acquiring the warehoused investment, including the estimated costs and risks of owning and financing the investment while it is held by the affiliate. Any such transactions contemplated prior to a Fund's close generally will be disclosed in each Fund's PPM or other Fund Governing Documents. Prospective Investors should read such disclosure carefully and will be deemed to consent to such warehoused transaction(s) in the event they elect to make a capital commitment to a Fund.

Other than such approved Warehoused Investments, or other affiliated transactions as specifically contemplated by Fund Governing Documents, without the consent of the Advisory Committee or a majority in interest of Fund Limited Partners of a particular Fund, Coalesce will not cause its Funds to invest in, acquire investments of, acquire investments from, nor sell investments to, the Firm, the General Partner, or any of their respective affiliates or any Co-Investment Vehicle or any entity in which any of the foregoing holds a material investment or is in a position of voting control.

Apart from transactions specifically contemplated, authorized, permitted or approved under Fund Governing Documents, the Firm, the General Partner, and their respective affiliates will not engage in any transaction with the Funds or any Portfolio Company unless the terms of such transaction are on an arm's-length basis and on terms no less favorable to the Fund or such Portfolio Company than would be obtained in a transaction with an unaffiliated party. If the General Partner seeks the approval of the Advisory Committee in respect of any transaction and such approval is granted by the Advisory Committee, such transaction will be deemed approved on behalf of all Limited Partners as being on an arm's-length basis and will not constitute a breach of the applicable Fund's agreement or of any duty or obligation of the General Partner at law, in equity, or otherwise, and any such transaction will be subject to such policies and procedures as are in effect from time to time applicable to the Manager.

For additional information on how Coalesce manages actual and potential conflicts of interest, please see *Item 10 – Other Financial and Industry Activities and Affiliations*.

ITEM 12 – BROKERAGE PRACTICES

The Firm's advisory business generally involves privately negotiated transactions with the prospective seller or prospective purchaser(s), and generally will not involve the services of a traditional broker or dealer as is customary in the transaction of registered securities. However, Coalesce retains authority to, from time to time, purchase or sell publicly-traded securities and will, in those circumstances, seek to achieve the best overall execution terms available to effect the transaction expeditiously and on terms most favorable to each Fund. When executing such a transaction in any investment in or for a Fund via a broker or dealer, Coalesce will consider the full range and quality of a broker or dealer's services, including execution capability, experience in private equity transactions, network of contacts and relationships, research services, commission rates, reputation and integrity, financial responsibility and responsiveness. Coalesce also reserves the right to sell securities alongside a publicly-traded company in which Coalesce holds securities as part of any underwritten offering a company undertakes.

As a matter of policy, the Firm does not engage in soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for any Funds. If Coalesce determines to use soft dollars in the future, it will endeavor to do so within the "safe harbor" provided by Section 28(e) of the Exchange Act. While the Firm receives or may receive proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers.

The Firm does not consider whether Coalesce or a related person may receive client referrals from a broker-dealer or third party in selecting or recommending broker-dealers. As a matter of policy, Coalesce does not permit the direction of any Fund transactions to a specific broker or dealer by an Investor.

ITEM 13 – REVIEW OF ACCOUNTS

Review of Accounts

The Firm's Investment Team will actively monitor and review each Fund's investment portfolio on a regular basis. Investments will be reviewed in light of each Fund's stated investment objectives and guidelines as set forth in the Fund Governing Documents. During the review process, investment professionals will analyze existing Portfolio Company positions to identify issues early on, take any necessary actions, and monitor Portfolio Company operations and overall performance relative to the original investment thesis. The Firm partners with GP Fund Solutions ("Fund Administrator"), who is generally responsible for overseeing periodic reconciliations of Fund assets in coordination with the Chief Operating Officer. Cash accounts are reconciled monthly, while positions in assets that are not publicly traded are reconciled at least quarterly with their corresponding valuations. The Fund Administrator maintains maintain work papers documenting the periodic reconciliations of the Funds' assets. In analyzing and evaluating potential investments and applicable risks, the Investment Team conducts qualitative and quantitative research and analyses, reviews due diligence provided by the company as well as information provided by independent third-party consultants and experts, if necessary. The Firm maintains research/due diligence files on each Portfolio Company investment made on behalf of the Funds.

Advisory Committee

An Advisory Committee has been established for the Funds and is expected to be comprised of at least five (5) limited partner representatives selected by the General Partner, all of whom will be unaffiliated with the General Partner. The Advisory Committee will provide advice and counsel as is requested by the General Partner in connection with Fund investments, potential conflicts of interest, and such other Fund matters as contemplated or specified in Fund Governing Documents. The Advisory Committee generally will act by the majority vote of its members but does not have any power to manage the Funds or any investments. If the General Partner chooses to consult with the Advisory Committee with respect to a matter giving rise to a conflict of interest, and if the Advisory Committee approves such matter or the General Partner acts in a manner, or pursuant to standards or procedures, approved by the Advisory Committee with respect to such conflict of interest, then, notwithstanding any duty existing at law, in equity or otherwise, none of the General Partner or any of its affiliates will have breached its duties (fiduciary or otherwise) or have any liability to the Funds or any Partner by reason of such conflict of interest for actions in respect of such matter taken in good faith by them, including actions in the pursuit of their own interests.

Valuation

As a registered investment adviser and fiduciary to the Funds, Coalesce requires that all portfolio holdings reflect current, fair and accurate investment valuations. The Firm's Portfolio Company valuation policy and portfolio investment valuation procedures will be based on *ASC 820 - Fair Value Measurements and Disclosures*, *International Private Equity and Venture Capital Valuation Guidelines*, and other industry standards. Valuation activities are governed by the Coalesce Valuation Policy and approved, to the extent required, in accordance with Fund Governing Documents. The valuation methodology is governed primarily by the standard: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The Firm prepares valuations for each Portfolio Company investment quarterly. Each Investment Team is responsible for preparing an initial fair value of the asset and collecting a valuation packet with an investment review, analysis, and other metrics. The Investment Team maintains a valuation model for each Portfolio Company and creates a quarterly valuation package, which is approved by the Valuation

Committee consisting of the Firm's Partners. The Advisory Committee reviews valuations quarterly. In addition, the CCM Funds' auditor actively reviews the Company's valuation procedures and the valuations and assumptions for each Portfolio Company in connection with the annual audit.

Reports to Investors

As required by each applicable Fund's Governing Documents, the Adviser prepares the following reports for its Investors: (i) Fund audited financial statements (together with a statement of each Limited Partner's capital account and a valuation of the Fund's portfolio) on an annual basis in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") within 120 days after its fiscal year end; (ii) unaudited financial statements within 60 calendar days after quarter-end; and (iii) annual tax information necessary for completion of each Limited Partner's tax returns.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Portfolio Company Compensation

As described in *Item 5 – Fees and Compensation*, Coalesce or its affiliates are permitted to and likely will receive compensation from certain Portfolio Companies in connection with services provided to such companies in the ordinary course of business, such as topping, break-up, monitoring, directors', organizational, set-up, advisory, and other similar fees. Coalesce generally will apply each Fund's Allocable Share of such fees and other compensation to reduce Fund Management Fees consistent with Fund Governing Documents.

Client or Investor Referrals

Coalesce engaged PJT Park Hill as the placement agent for certain of its Funds. Compensation paid by each Fund to the placement agent was disclosed in that Fund's financial statements and, where applicable, in a Form D filed with the SEC. The General Partner (or an affiliate thereof) bears the cost (through an offset against the Management Fee or otherwise) of any placement fees payable to any placement agent in connection with the formation and capitalization of a Fund and the offering of interests. All placement agent activities will be conducted in accordance with applicable law.

ITEM 15 – CUSTODY

The Firm is deemed to have custody of the underlying assets of the Funds due to its affiliation with each Fund's General Partner. Cash and all certificated securities of the Funds are held at an unaffiliated qualified custodian, to the extent required by Rule 206(4)-2 under the Advisers Act. The Firm is not required to comply with the requirement to use a qualified custodian with respect to "privately offered securities," as defined in Rule 206(4)-2 under the Advisers Act or with respect to certain private stock certificates; however, Coalesce has implemented procedures in its Compliance Manual that are designed to safeguard these privately offered securities. Pursuant to the Custody Rule as set forth in Rule 206(4)-2 under the Advisers Act, Coalesce distributes Fund audited financial statements prepared in accordance with GAAP to each Fund's Investors within 120 days after its fiscal year end. The Adviser engages a Public Company Accounting Oversight Board-registered and inspected firm to prepare financial statements for the Funds which are documented and attested to by the accounting firm engaged to perform the custody audit. Investors should review audited financial statements carefully.

ITEM 16 – INVESTMENT DISCRETION

As discussed in *Item 4 – Advisory Business*, the Firm will provide investment advisory services to the Funds on a discretionary basis, subject to the overall supervision of the Fund's General Partner. Limitations on the Firm's discretion are established through negotiations with the Investors in each Fund and/or its General Partner. These limitations are incorporated into Fund Governing Documents, which include the applicable management agreement.

Individual Investors in the Funds do not have the ability to impose limitations on Coalesce's discretionary authority. There are no separate classes and Investors in the Funds will acquire identical interests. However, Coalesce has entered into side letters and other arrangements with Investors or co-investors that limit or provide an alternative structure for the Investor's participation in certain Fund investments to address specific legal, regulatory, investment or public policy restrictions of the Investor or that establish rights under, or alter or supplement the terms of, such Funds' Governing Documents. Such agreements are permitted to be more favorable to such Investors than those applicable to other Investors. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Interests in the Funds; Side Letters* for more information.

Prospective Investors are provided with the PPM prior to their investment and are encouraged to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective Investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a privately placed pooled investment vehicle.

ITEM 17 – VOTING CLIENT SECURITIES

The Firm may vote proxies for a Fund if required under the investment management agreement with the General Partner of such Fund. The Firm generally invests in private companies and generally does not expect to hold publicly-traded securities or vote proxies frequently. However, in accordance with Advisers Act requirements, the Firm has adopted a policy on voting client securities to address voting requirements, if any, for Fund investments. Coalesce's policy is to exercise proxy votes in the best interest of the respective Fund, including when there may be material conflicts of interest in voting proxies.

Coalesce believes its interests are aligned with its Funds through the General Partner's ownership interests in the Funds and therefore generally will not seek Investor approval or direction when voting proxies. If, however, there is or may be a conflict of interest between Coalesce or its affiliates and the Fund in voting proxies, Coalesce may address the conflict using several alternatives, which include seeking counsel of a Fund's Advisory Committee on the proposed proxy vote or through other alternatives as set forth in proxy policies. Investment Team members will routinely serve on the board of Portfolio Companies, as disclosed in Fund Governing Documents. Therefore, in the event a Coalesce related person is nominated as a director as part of a proxy vote, Coalesce reserves the right to vote for the approval of such director and routine compensation of directors without seeking input from the Advisory Committee or taking other special measures to address a conflict of interest.

Coalesce will review each proposal on a case-by-case basis to determine whether it is in the best interest of the applicable Fund. In some instances, Coalesce has authority to determine that it is in a Fund's best interest for Coalesce to "abstain" from voting, or not to vote at all, and will do so accordingly.

The Firm's policy on voting client securities is designed to ensure that any material conflict of interest is identified for a particular proxy vote and the vote is not improperly influenced by the conflict. To receive a copy of Coalesce's policy on voting client securities please contact the Chief Compliance Officer, Bethany Foullois, at (646) 222-5910 or by email at bfoullois@coalescecap.com.

ITEM 18 – FINANCIAL INFORMATION

The Firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Coalesce is not aware of any financial condition that would be reasonably likely to impair its ability to meet contractual commitments to clients. Additionally, Coalesce has not been the subject of a bankruptcy petition at any time during the past ten years.