



CapVest Partners, Inc.  
Part 2A of Form ADV

375 Park Avenue  
New York, NY, 10022  
United States of America

March 27, 2024

This brochure ( "Brochure") provides information about the qualifications and business practices of CapVest Partners, Inc. ( "CapVest Inc." or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at +4402073897986 or [Compliance@CapVest.com](mailto:Compliance@CapVest.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ( "SEC") or by any state securities authority.

Additional information about the Firm is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration with the SEC or with any state securities authority does not imply any level of skill or training with respect to the investment advisory services CapVest Inc. provides.

**Item 2 - Material Changes**

This Brochure dated March 27, 2024 serves as an annual updating amendment. There are no material changes from the prior version of CapVest Inc.'s Brochure, dated May 17, 2023.

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## **Item 4 - Advisory Business**

### **Our Advisory Firm**

CapVest Inc. is a Delaware corporation principally located in New York City. The Firm is principally owned by Seamus FitzPatrick (through a holding company), Kate Briant and Christopher Campbell. The Firm is under common ownership and control with CapVest Partners LLP (“CapVest LLP”) and CapVest Irish Partners Limited (“CapVest AIFM”, and together with CapVest Inc., CapVest LLP and their other affiliates, including their affiliated general partners of the Funds (as defined below), “CapVest”). CapVest is an investment management firm founded in 1999 that invests in businesses primarily in three key sectors in which it has developed significant experience and expertise since its founding, namely: (i) staple consumer goods; (ii) healthcare; and (iii) essential services. Post-acquisition, CapVest seeks to transform companies through a value creation approach.

### **Our Advisory Business**

CapVest sponsors and manages privately offered investment funds (the “Funds”). The Funds seek to invest in businesses that meet CapVest’s highly-selective investment criteria and will then seek to utilize a series of equity value creation initiatives with the aim of transforming the scale and growth profile of such businesses to build larger, more diversified companies that are repositioned under CapVest ownership, making them attractive from a range of exit perspectives. Detailed terms, strategies and risks applicable to investors in the Funds are described in each Fund’s organizational and offering documents (together, “Operative Documents”). In the case of most Funds, CapVest AIFM is appointed as the alternative investment fund manager of the Fund pursuant to an alternative investment fund management agreement entered into by such parties. In such capacity, CapVest AIFM is responsible for the portfolio management and risk management functions in respect of such Funds. In other cases, the Fund is managed by its general partner, not by CapVest AIFM.

Pursuant to its investment management agreements with CapVest AIFM and/or the Fund general partner (as the case may be), CapVest LLP has been delegated certain management functions (including portfolio management) in respect of the Funds. CapVest LLP, in turn, has entered into a sub-advisory services agreement with CapVest Inc. pursuant to which CapVest Inc. provides CapVest LLP with investment advisory services with respect to the Funds’ investment activities. More specifically, under this subadvisory agreement, CapVest Inc. provides the following services (among others):

- i. identifying, procuring, recommending and evaluating investments for possible acquisition or divestment by each Fund consistent with the investment policy or policies of such Fund and communicating its advice and recommendations to CapVest LLP;
- ii. advising CapVest LLP as to structuring or negotiating the terms of acquisition, holding or disposal of any investments and formulating and negotiating such terms for consideration by CapVest LLP;
- iii. advising CapVest LLP concerning actions and investments that appear to CapVest Inc. to be advantageous to each Fund in implementing its investment policy;
- iv. communicating (via emails, telephone calls and in-person meetings) to CapVest LLP factual information and investment recommendations about potential investments and potential portfolio companies, industries or markets in which any Fund may invest;

- v. providing research, analyses or forecasts concerning the prospects of a potential portfolio company or industry in which any Fund may invest; and
- vi. assisting with arranging or effecting the purchase or sale of specific securities or other investments, including advising as to the structure of any investments and negotiating any documents related to the purchase of any investments.

In providing such sub-advisory services, the Firm takes into consideration each Fund's investment objectives, strategies, restrictions and guidelines (as applicable); however, such services are generally not tailored to any particular investor in a Fund.

Discussions of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by CapVest in connection with its management of the Funds, are summaries intended only to provide required information on our business and practices to our advisory clients, (i.e., the Funds). These discussions do not purport to provide investors with a complete description of all relevant information that they may need to evaluate an investment in a specific Fund. Prospective investors in a Fund should read that Fund's Operative Documents for additional information on these matters. Participation in the Funds is limited to certain eligible investors, as described in Item 7.

In addition, from time to time, CapVest provides some investors, including investors in Funds, strategic partners and third parties, and some of its employees with opportunities to co-invest in certain investments alongside a Fund, including through participation in co-investment vehicles formed and controlled by CapVest. Such co-investment vehicles currently include deal-specific vehicles formed to invest alongside a Fund in a specific opportunity and co-investment vehicles formed for specific investors that invest alongside a Fund in multiple opportunities, though CapVest may, in the future, enter into other types of coinvestment (or similar) arrangements that have different structures. The sub-advisory services provided by the Firm relate to investment opportunities in which CapVest-controlled co-investment vehicles invest alongside a Fund; however, the Firm's sub-advisory services in relation to such opportunities are tailored to the investment objectives, strategies, restrictions and guidelines (as applicable) of the Funds, and the coinvestment vehicles do not have separate investment objectives, strategies, restrictions and guidelines with respect to which the Firm provides tailored investment advice. References herein to "Funds" will be deemed to include CapVest-controlled co-investment vehicles, as the context may require.

As of December 31, 2023, CapVest Inc. managed a total of \$5,924,592,662 of client assets, all of which is managed on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

### **Adviser Compensation**

CapVest Inc. will be paid an investment advisory fee by CapVest LLP, as agreed between the parties. The investment advisory fee is expected to include the cost incurred by CapVest Inc. for the investment advisory services it provides to CapVest LLP. In addition, CapVest Inc. may also obtain from CapVest LLP an additional payment equal to a percentage of the total cost being reimbursed.

Information on amounts charged to the Funds by CapVest (including the respective general partner of each Fund) are described in the relevant Fund's Operative Documents, and such compensation generally

takes the form of percentages applied to a Fund's total commitments and/or invested capital and in the case of carried interest, the amount of net profits realized by a Fund in connection with its investment activities. See Item 6 for additional information on carried interest.

The general partners of the Funds are permitted to enter into side letters granting more favorable rights or terms (including but not limited to reduced management fee and carried interest rates) to certain investors. A most favored nation process is generally followed for most Funds, thereby entitling a limited partner to elect certain terms contained in other limited partners' side letters.

The Funds will bear all fees, costs, expenses, liabilities and obligations (together with any value added tax and any other relevant taxes) relating to a Fund's activities, business and investments, including without limitation:

- i. the management fees payable by the Funds;
- ii. all fees, costs, expenses, liabilities and obligations attributable to sourcing, investigating, developing, bidding on, evaluating, negotiation of, obtaining regulatory approval for, acquiring, holding (directly or indirectly) monitoring, restructuring, and disposing of a Fund's investments, whether consummated or unconsummated, and in connection with borrowing, other indebtedness, undertaking and hedging arrangements in accordance with the Operative Documents;
- iii. legal, accounting, auditing, insurance, consulting (other than for investment management, investment advisory or similar services), data providers, administration, valuation and regulatory fees, costs, expenses, liabilities and obligations, and the fees, costs and expenses of any other professional advisers;
- iv. any litigation and indemnification fees, costs, expenses, liabilities and obligations, judgments and settlements of a Fund or any Fund investor established by CapVest that is designated as a feeder vehicle by the Fund general partner and any taxes, fees or other governmental charges levied against a Fund or its general partner, CapVest AIFM, CapVest LLP and/or CapVest Inc. in connection with a Fund's activities;
- v. all out-of-pocket fees, costs, expenses, liabilities and obligations incurred in connection with investment and disposition opportunities for a Fund not consummated;
- vi. costs and expenses of a Fund limited partner advisory committee and any marketing and related costs and expenses, including costs and expenses in connection with conferences, presentations, meetings or other events in furtherance of the business of a Fund;
- vii. all fees, costs, expenses, liabilities and obligations incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles or any feeder vehicle;
- viii. offering and organizational fees, costs, expenses and liabilities, together with any tax thereon, incurred in connection with the establishment of a Fund (to the extent not exceeding the limit set forth in a Fund's Operative Documents);
- ix. fees, costs, expenses, liabilities and obligations in connection with the liquidation or dissolution of a Fund and any feeder vehicle;
- x. all fees, costs, expenses, liabilities and obligations relating to defaulting limited partners in respect of the Fund and any transfers of their interests, in either case to the extent that such expenses have not been borne by the relevant defaulting limited partner;

- xi. all fees, costs, expenses, liabilities and obligations relating to anti-money laundering and sanctions monitoring occurred in connection with the activities of a Fund;
- xii. all fees, costs, expenses, liabilities and obligations incurred in connection with complying with side letters entered into with Fund investors;
- xiii. all fees, costs, expenses, liabilities and obligations incurred in respect of developing, structuring, operating and winding-up direct and indirect administrative and other investment structures in various jurisdictions formed for or utilized by a Fund to conduct certain aspects of a Fund's investment activities, meals and accommodation expenses of a Fund general partner, CapVest AIFM, CapVest LLP, CapVest Inc. and/or any other member of CapVest allocable to such structures, the salary and benefits of any personnel of a Fund general partner, CapVest AIFM, CapVest LLP, CapVest Inc. and/or any other member of CapVest responsible for the maintenance of such structures and other related overhead fees, costs, expenses, liabilities and obligations to the extent not borne by the relevant Fund investee company (together in each case with any value added tax and any other relevant taxes (if any));
- xiv. similar fees, costs, expenses, liabilities and obligations in respect of CapVest as those set forth in sub-clauses (i) through (xiii) above; other than taxes and fees or charges incurred directly or indirectly by a Fund or any member of CapVest in respect of a particular investor or group of investors (and which would not have been incurred but for such investor's or group of investors' participation in a Fund), all taxes and all fees or other charges levied by any governmental agency or regulatory body against any of the Funds or any feeder vehicle, thereof, the Fund general partner, CapVest AIFM, CapVest LLP, CapVest Inc. and/or any other member of CapVest relating to their activities with respect to a Fund, in connection with investments made by a Fund or otherwise (other than income taxes in respect of carried interest or management fees received by, or any investment in a Fund or any feeder vehicle by a Fund general partner, CapVest AIFM, CapVest LLP, CapVest Inc. and/or any other member of CapVest (as applicable), in each case, for which any such person is primarily liable);
- xv. any out-of-pocket expenses incurred in connection with a Fund's, any feeder vehicle's, a Fund general partner's, CapVest AIFM's, CapVest LLP's, CapVest Inc.'s and/or any other member of CapVest's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other laws and regulations relating to their activities with respect to the partnership in connection with investments or otherwise; and
- xvii. costs and expenses, if any, incurred in connection with offering and underwriting co-investment opportunities, including organizing and documenting co-investment vehicles, the formation of a consortium, incurring transaction costs, and/or any travel, accommodation, meal and entertainment expenses determined by a Fund general partner in good faith to be reasonable in connection therewith, in each case to the extent such fees, costs and expenses have not been allocated to such parties.

Compensation received by a CapVest member or its personnel in connection with and attributable to proposed or current investments by a Fund, net of any internal or external fees, costs and expenses incurred by such person in connection with generating such fees, will be 100% for the benefit of the Fund, unless the Fund's Operative Documents indicate otherwise.

A prospective investor in a Fund should review the more detailed descriptions of the fees and expenses payable by the Fund that are included in that Fund's Operative Documents.

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

Carried interest refers to the gains realized by a Fund, which, subject to first achieving a preferred return for Fund investors, will be received by CapVest. Carried interest is calculated and distributed in accordance with the waterfall provisions set forth in the relevant Funds' limited partnership agreement. The fact that a significant portion of CapVest's compensation is directly computed on the basis of profits generated by the sale/disposition of Fund assets creates an incentive for CapVest (and those of its personnel who receive a portion of the carried interest) to make (or recommend) investments on behalf of the Fund that are riskier or more speculative than would be the case in the absence of such compensation. The existence of a capital commitment by CapVest to the Funds (as identified in the respective Funds' limited partnership agreements), however, reduces this incentive. Additionally, CapVest is subject to a "clawback" of carried interest previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable to CapVest by the Fund as carried interest, applied on an aggregate basis covering all transactions of the Fund.

The Firm is permitted to, but does not intend to, provide advisory services to other clients outside of CapVest. This could give rise to conflicts of interest where Firm employees participate in the carried interest plan of the general partner of a Fund but not of other advisory clients. CapVest maintains policies and procedures that address conflicts of interest.

#### **Item 7 - Types of Clients**

The Firm provides CapVest LLP with investment advisory services with respect to the Funds' investment activities.

Criteria for investment in the Funds are set out in each Fund's Operative Documents. Limited partner interests in the Funds may be purchased only by investors that are (a) "accredited investors," as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and "qualified purchasers" for purposes of section 3(c) (7) of the Investment Company Act or (b) persons who are not "U.S. persons" for purposes of Regulation S under the Securities Act. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of the applicable Fund's Operative Documents.

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

##### **Methods of Investment Analysis**

CapVest seeks to invest in businesses that meet its highly selective investment criteria with the aim of transforming the scale and growth profile of such businesses to build larger, more diversified companies that are repositioned under CapVest ownership.

CapVest invests in businesses primarily in three key sectors in which it has developed significant experience and expertise since its founding, namely (i) staple consumer goods; (ii) healthcare; and (iii) essential services. Detailed terms, strategies and risks applicable to investors in the Funds are described in each Fund's Operative Documents.



An investment in the Fund(s) involves risk of loss to investors and other risks, which may include (depending, in part, on the strategy of the applicable Fund) but are not limited to, risks relating to the topics listed below. These risk factors do not purport to be a complete list or explanation of the risks associated with an investment in the Funds. These risk factors include only those risks we believe to be material or significant and relate to particular significant investment strategies or methods of analysis to be used by CapVest. Investment in a Fund involves the risk of loss of the entire value of an investor's investment in the Fund. It is critical that investors and prospective investors refer to the relevant Fund's Operative Documents for a more complete description of the risks of an investment in the Funds.

- General Risks Relating to Investments;
- Macroeconomic Risk Relating to General Economic Conditions;
- Sector and Geographic Risks;
- Currency Changes;
- UK – Future Trade With EU;
- Coronavirus and Public Health Emergencies;
- Liquidity Risks;
- Limited Information Available about Prospective Investee Companies;
- Difficulty in Locating Suitable Investments;
- Competition from Other Buyers;
- Reliance on Investee Company Management;
- Controlling Stakes;
- Limitations due to Regulatory and Other restrictions;
- Valuation Risk;
- Forced Disclosure of Confidential Information;
- Minority Interests on In Specie Distributions;
- Counterparty Credit Risks;
- Timing of Investment Deployment and Economic Cycles;
- Reliance on Key CapVest Executives;
- Fund Expenses;
- Broken Deal Expenses;
- Carried Interest;

- Concentration and Syndication Risk;
- Risks Regarding Disposals of Investments; □ Restrictions on Transfer and Withdrawal;
- Failure to Comply with Drawdown Notice;
- Indemnity Risk;
- Borrowing Risk;
- Co-Investment;
- Follow-on Investment;
- Conflicting Investor Interests;
- Dilution at Subsequent Closings;
- Investor Capital Commitment Allocations and Scale-Backs;
- Side Letters;
- Suitability of Investments;
- Taxation Risk;
- Permanent Establishment Risk;
- Past Performance;
- Uncertainty about Financial Projections;
- Failure of Risk Management Procedures and Methods;
- Risks Relating to Due Diligence of and Conduct at Portfolio Companies;
- Environmental Risk;
- Regulatory Risk;
- Political, Security and Civil Disturbances Risks;
- Trade Policy;
- Cyber Security Breaches and Identity Theft;
- Changes in Data Protection Laws and Regulations;
- Litigation Risk;
- Change of Law and Regulatory Risk;
- AIFM Directive;

- Environmental, Social & Governance;
- UK National Security and Investment Act;
- ERISA Compliance;
- Risk Arising from Potential Control Group Liability;
- Registration under the U.S. Commodity Exchange Act;
- Limited Regulatory Oversight of the Funds;
- Base Erosion and Profit Shifting;
- Governing Law, Jurisdiction and Sovereign Immunity;
- Conflicts Policies and Procedures;
- Non-Compete Arrangements; and
- Russian Invasion of Ukraine and its Impact on the Economy and Business Activity Globally.

#### **Item 9 - Disciplinary Information**

The Firm and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Firm or its personnel.

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

Neither CapVest Inc. nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.

Neither CapVest Inc. nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

As noted above in Item 4, pursuant to its investment management agreements with CapVest AIFM and /or the Fund general partner (as the case may be), CapVest LLP has been delegated certain management functions (including portfolio management) in respect of the Funds. CapVest LLP, in turn, has entered into a sub-advisory services agreement with CapVest Inc. pursuant to which CapVest Inc. provides CapVest LLP with investment advisory services with respect to the Funds' investment activities. Please refer to Item 4 for a non-exhaustive list of services CapVest Inc. provides and to Item 5 for a description of the economic arrangement between CapVest Inc. and CapVest LLP.

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

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

### **Code of Ethics**

CapVest Inc. has adopted a written code of ethics (the “Code of Ethics” or the “Code”) pursuant to Rule 204A-1 under the Advisers Act that is applicable to all the Firm’s “access persons”. All employees of the Firm are deemed to be “access persons”. Among other things, the Code requires CapVest Inc. and its access persons to act in clients’ best interests, abide by all applicable federal securities laws, avoid insider trading, and pre-clear and report on many types of personal securities transactions and holdings. At all times, the Firm and its access persons are expected to comply with the spirit and the letter of the federal securities laws.

All access persons are expected to act with competence, dignity, integrity, and in an ethical manner, when dealing with Funds, the public, prospects and third-party service providers. Access persons should use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, trading, promoting the Firm’s services, and engaging in other professional activities.

The Firm expects all access persons to adhere to high ethical standards with respect to any conflicts of interest.

A copy of the Firm’s Code of Ethics is available for review upon request by investors or prospective investors in the Funds by contacting the Firm’s Chief Compliance Officer.

### **Personal Investments in the Same Securities and Investments as Clients**

The Firm’s restrictions on personal securities trading generally apply to supervised persons, as well as (in certain instances) supervised persons’ family members sharing the same household. This policy is intended to mitigate conflicts that may arise, in particular where a) a supervised persons buys or sells securities that are also recommended to clients; and b) a supervised person recommends securities to clients in which they have some other ownership interest.

CapVest Inc. supervised persons will generally be permitted to buy and sell securities for their own accounts, subject to the reporting requirements set forth in the Code. However, certain types of securities transactions will require the prior approval of the Firm’s Chief Compliance Officer. The reporting and preclearance requirements described above are intended to mitigate the conflicts that may arise from such personal trading.

### **Conflicts of Interest Generally**

Various potential and actual conflicts of interest could arise from the overall investment activities of CapVest. CapVest is an established investment organization and, as such, could have multiple management, advisory, transactional, financial and other interests that come into conflict with those of a Fund and its investors. In particular, instances could arise where the interests of a Fund and/or one or more of the investors conflict with the interests of CapVest AIFM, CapVest LLP, the Fund’s general partner, any other members of CapVest, other Funds and/or CapVest personnel. Fund Operative Documents highlight certain potential conflicts of interest that should be carefully evaluated before making an investment in the relevant Fund. There can be no assurance that CapVest will resolve all conflicts of interest that may arise in a manner that is favorable to any Fund. Certain conflicts of interest

could be presented to a Fund's limited partner advisory committee, as provided for in the Fund's Operative Documents.

Conflicts of interest could arise as a result of CapVest pursuing the interests of two or more Funds simultaneously. For example, where multiple Funds participate in the same investment, conflicts of interest could arise in respect of such investment (including, for example, with respect to their ability to exit, and other rights with respect to, such investment). In order to manage any such conflicts, the board of CapVest AIFM and the relevant Funds' general partners will assess the investment with input from the CapVest Allocations Committee. In addition, the relevant Funds (or one or more of their respective holding vehicles) may in such circumstances enter into a shareholders' agreement to govern their future relationship and governance with respect to such jointly held investment. Alternative procedures for managing such conflicts of interest could also be established from time to time.

### **Allocating Investment Opportunities among Clients**

Prospective investors in a Fund should note that relevant members of CapVest could establish other investment funds and/or managed account arrangements and/or other types of investment vehicles (including special purpose acquisition vehicles) with investment objectives, mandates and policies that could overlap with those of the Fund. As a result, investment opportunities may arise which are either suitable for investment by both a Fund and any such other investment funds and/or managed account arrangements and/or other types of investment vehicles (including special purpose acquisition vehicles) or which meet only certain, but not all, relevant criteria for allocation to the Fund and as such are offered solely or in part to such other investment funds and/or managed account arrangements and/or other types of investment vehicles (including special purpose acquisition vehicles).

To the extent that any potential investment opportunities have been identified by a Fund general partner, CapVest AIFM, CapVest LLP, or CapVest Inc. that fall within the investment policies of multiple Funds, then an Allocations Committee will be established and, subject to any existing contractual arrangements to the contrary or circumstances where it is not practicable to do so, the investment opportunity will be allocated amongst the Funds on a basis that such Allocations Committee reasonably determines. Any such recommendation will be made in good faith and on a fair and reasonable basis, taking into consideration such factors as may be deemed relevant including, but not limited to, the total amount of the proposed investment and the relative amounts of the respective Funds' capital available for investment, the proposed closing date of the transaction, the remaining terms for the relevant Funds, the sourcing of the transaction and the nature and extent of involvement in the transaction of CapVest personnel that relate to each relevant Fund, and the nature of the investment focus of the relevant Funds.

More generally, one Fund could provide for economic entitlements in favor of one or more members of CapVest (including a management fee (or similar) and/or "carried interest" (or similar)) that are more beneficial to members of CapVest than the economic entitlements provided with respect to another Fund. Investors should be aware that, while relevant members of, and personnel within, CapVest will seek to make recommendations regarding the allocation of investment opportunities, and managers or general partners of the Funds will seek to allocate such investment opportunities, on a fair and reasonable basis having regard to relevant considerations such as those described above, such factors and other similar considerations could nonetheless create incentives to allocate greater amounts in particular investment opportunities, or the whole of any such opportunities, to one Fund rather than another Fund.

## **Related Party Transactions**

A Fund (and/or one or more of its portfolio companies) could acquire investments from, or sell investments to, other Funds (and/or to one or more of their respective portfolio companies), to the extent permitted by, and subject to the terms of, the Operative Documents of both Funds.

In addition, CapVest itself may acquire an investment directly or indirectly with a view to subsequently sell such investment, in whole or in part, to the Fund. The cost of acquiring any such “warehoused” investment will represent the cost to CapVest in warehousing such investment together with the cost of funding in acquiring such investment.

Members of the board of a Fund general partner, CapVest AIFM or CapVest LLP may be officers or directors of entities that are not part of CapVest and that provide advice or services to, or engage in other transactions with, a Fund or with one or more of its portfolio companies. In the event that any such board member has a conflict of interest by virtue of such member’s involvement with an entity that is not part of CapVest, such member is required to disclose such conflict of interest to the board of the Fund general partner, CapVest AIFM or CapVest LLP (as applicable).

CapVest personnel may also hold or acquire a direct or indirect interest in a Fund portfolio company (e.g., through another fund managed by CapVest or as a co-investment alongside another Fund managed by CapVest), to the extent permitted by, and subject to the terms of, the Fund’s Operative Documents. This could create conflicts of interest. In addition, certain CapVest personnel are entitled to participate in the carried interest received from a Fund. However, their participation in carried interest is not considered to create a conflict of interest because this generally results in alignment of interests with that Fund.

## **Investments Involving Multiple Funds**

Circumstances could arise where two or more different Funds make investments in the same opportunity or Portfolio Company. In these circumstances, conflicts of interest could arise between such Funds, including with respect to their respective rights relating to such jointly held investment. For example, if a portfolio company in which multiple Funds have invested runs into difficulties, then decisions about what action should be taken and the terms of any work-out or restructuring could raise conflicts of interest.

## **CapVest Personnel; Allocation of Time and Attention**

The functions and duties that CapVest members and their personnel undertake for the benefit of a Fund will not be exclusive. CapVest members and their personnel may perform similar functions and duties for multiple Funds and conflicts of interest may arise in allocating time, services and/or functions among different Funds.

Certain CapVest personnel are, from time to time, appointed to the board of directors of a portfolio company of a Fund (generally in a supervisory capacity with a view to monitoring the performance of such portfolio company in accordance with the relevant Fund’s shareholder rights) and situations may arise in which CapVest personnel have a duty to or an interest in a portfolio company that conflicts with their duties to, or the interests of, a Fund or another portfolio company of a Fund. In addition, members of CapVest could arrange or advise portfolio companies of one Fund in relation to the acquisition of companies or businesses that are complementary to their existing businesses without offering such investment opportunities to another Fund for which such opportunities may be suitable, and such portfolio

companies and the companies or businesses that they acquire may compete with the interests of portfolio companies of another Fund and/or the companies or businesses that they acquire.

CapVest personnel, including investment committee members, may also be more generally involved in separate business interests, which could present additional conflicts of interest. Such outside business interests are subject to approval in line with CapVest's policies and procedures.

### **Co-investment Opportunities and Broken Deal Expenses**

There may be situations in which CapVest determines that a Fund should not take up an entire investment opportunity and that one or more parties should participate in the investment opportunity alongside the Fund. Any such co-investment opportunities will be offered at the sole discretion of CapVest and, whilst such opportunities may be offered to one or more investors in the Fund, CapVest has no obligation to do so. Investing in the Fund does not entitle an investor to allocations of co-investment opportunities and coinvestment opportunities may be offered to some, but not all, Fund investors.

In allocating co-investment opportunities, CapVest will take into account various facts and circumstances it deems relevant. Prospective investors should review disclosures in the Operative Documents for a more detailed description of the factors that CapVest could take into account in allocating co-investment opportunities and of the co-investment rights that CapVest could agree to grant to certain investors.

In addition, CapVest may itself make a commitment alongside certain co-investors with respect to any such arrangements, or, more generally, with respect to particular co-investment opportunities on a case by case basis and, as a result of its own interest in a particular co-investment opportunity, CapVest may be incentivized to offer certain co-investment opportunities to particular co-investors in preference to others.

It is expected that many Fund investors who may have expressed an interest in co-investment opportunities may not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than they would ideally like to receive. Moreover, transaction-specific returns, and a Fund investor's overall returns from its exposure to the relevant Fund's investments, may be affected significantly by the extent to which Investors are offered and choose to participate in coinvestment opportunities. Returns from co-investments are not aggregated with the relevant Fund's returns, including for purposes of determining the carried interest or management fee entitlement under the relevant Fund's Operative Documents. Co-investment opportunities may be offered to third parties who are not Fund investors and those opportunities may be offered to third parties in priority to some or all of Fund investors.

A Fund may provide interim financing for the purpose of bridging a potential co-investment and, depending on the circumstances, may or may not charge any warehousing, holding or similar fee as part of any subsequent syndication to one or more co-investors participating in the relevant investment.

CapVest may present co-investment opportunities to certain investors at any time and, with respect to any particular co-investment opportunity, at different times. Accordingly, one or more investors may have a longer period to evaluate certain co-investment opportunities relative to other potential co-investors being offered the same opportunity.

To the extent CapVest charges a management fee (or similar) and/or carried interest on co-investment opportunities offered to investors in the Fund, CapVest will be under no obligation to account to the Fund

for any such management fee (or similar) and/or carried interest. To the extent that CapVest agrees to any such arrangements with a potential co-investor, CapVest may be incentivized to offer any co-investment opportunities to such potential co-investor in preference to other Fund investors for whom a management fee (or similar) and/or carried interest is not being charged.

Further, CapVest LLP will also be entitled (but will not be obliged) to earn certain other fees from Fund portfolio companies, including but not limited to directors, consulting, monitoring, advisory and other similar ongoing fees (together, the “Ongoing Fees”). Any such fees attributable to co-investors will not result in an offset of the management fee payable by Fund investors and may be retained by CapVest LLP.

To the extent that any broken deal or similar costs are incurred in respect of any proposed investment by a Fund that does not proceed to completion, such costs will be borne by the partnerships comprising the Fund in accordance with the terms of the Fund’s Operative Documents and may not be shared by any coinvestment vehicle established for the purposes of investing alongside the Fund. Accordingly, investors in a Fund will bear a greater share of such costs than would otherwise be the case if any such coinvestment vehicle were to bear its share of any such costs. However, to the extent that a Fund bears any broken deal or similar costs incurred in respect of a co-investment vehicle, then any transaction fees received by CapVest from portfolio companies which are attributable to the investment of such coinvestment vehicle (excluding Ongoing Fees) will be offset against the management fee payable by the Fund (net of any fees, costs, expenses and liabilities incurred in relation to the activities for which such fees are generated and any applicable value added taxes).

### **Service Providers**

Certain conflicts of interest could arise in connection with a Fund due to the engagement of service providers that are associated with CapVest or are owned by a member of CapVest or a Fund or a portfolio company owned by a Fund, or in which a member of CapVest or any Fund or a portfolio company owned by a Fund holds an interest. Companies held by a Fund (or a portfolio company thereof) or companies in which a member of CapVest or a Fund (or a portfolio company thereof) holds an interest may be selected by CapVest to perform certain services and functions for the benefit of one or more of the Funds and Fund portfolio companies, including, but not limited to, loan servicing, debt underwriting activities, consulting and other functions. Such arrangements could give rise to conflicts of interest.

### **Other Fees**

CapVest may receive certain fees from portfolio companies, including but not limited to arrangement, directors, consulting, monitoring, advisory, break up, closing fees and other similar fees. The management fee will generally be reduced by an amount equal to all such fees received by CapVest that are attributable to an investment made by the Fund (net of any internal and external fees, costs, expenses and liabilities incurred in relation to the activity for which such fees are generated and any applicable value added taxes). The amount of any such fees attributable to any other participants in the investment (including, as the case may be, any other CapVest Fund, any co-investment vehicle or managed account arrangements) will not result in an offset of the management fee borne by that Fund and therefore may be retained for the benefit of CapVest.



## **Capital Calls and Use of Subscription Lines**

CapVest utilizes credit facilities for, amongst other things, making investments and/or satisfying liabilities of a Fund. For administrative convenience, capital calls, including those used to pay interest on subscription lines, and other indebtedness could, from time to time, be “batched” together into larger, less frequent capital calls or closings, with the Fund’s interim capital needs being satisfied by a Fund borrowing money under such credit facilities. In particular, it is expected that capital needs of a Fund during the fundraising period could be met through drawdowns from such credit facilities rather than capital calls. The interest expense and other costs of any such borrowings will be a Fund expense and, accordingly, decrease net returns of a Fund, while the use of any such borrowings will also often have the effect of enhancing the Net IRR for the relevant Fund. In addition, the batching of capital calls could amplify the magnitude of potential defaults by Fund investors as a result of there being fewer but larger capital calls, with borrowings under such credit facilities being secured against the drawable capital commitments of Fund investors and potentially other assets of the Fund in the event of a default by the Fund under such credit facilities. To the extent amounts outstanding under any such credit facility are due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on Fund investors and/or Fund investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Finally, the existence of a credit facility may impair a Fund investor’s ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

It is expected that interest will accrue on any such outstanding borrowings at a rate lower than a Fund’s preferred return, which does not accrue on such borrowings and will begin accruing when capital contributions to fund such Fund investments, or repay borrowings used to fund such Fund investments, are actually advanced by investors to a Fund. As a result, the use of a credit facility with respect to Fund investments and ongoing capital needs could reduce or eliminate the preferred return received by the Fund investors and accelerate or increase distributions of carried interest to CapVest. As a general matter, use of leverage in lieu of drawing down capital commitments amplifies returns (either negative or positive) on Fund investments.

## **Item 12 - Brokerage Practices**

CapVest does not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds, as the securities typically purchased or sold on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions. In the event CapVest ever participates in public market activity where CapVest has discretion over brokerage selection, they will ensure best execution is sought for the Funds and will negotiate and diligence any brokers or agents they engage in association with the liquidation of a Fund.

## **Item 13 - Review of Accounts**

CapVest Inc. is not responsible for the review of the investment activities of the Funds. The Funds’ general partners, and in certain circumstances with the assistance of CapVest AIFM and CapVest LLP, provide the limited partners of the Funds related reports, statements and other communications in accordance with Fund Operative Documents, which generally include: (i) annual financial statements and (ii) quarterly unaudited financial reports.

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

From time to time, CapVest and/or the Funds compensate placement agents (and/or similar intermediaries) in connection with the marketing and sale of interests in the Funds.

**Item 15 - Custody**

CapVest Inc. is deemed to have “custody”, for purposes of Rule 206(4)-2 under the Advisers Act, of the cash and securities of the Funds due to its affiliation with the general partners of the Funds. Except as permitted by the Advisers Act, such cash and securities will be maintained in accounts established with qualified custodians, as defined in Rule 206(4)-2 under the Advisers Act. The Funds are subject to an annual audit and the audited financial statements are distributed within 120 days of fiscal year end to each investor in the Funds.

**Item 16 - Investment Discretion**

The Firm does not have discretion to make investment decisions on behalf of the Funds. Affiliates of the Firm have such discretion over the Funds. See Item 4 for a more detailed description of the CapVest governance structure in relation to the Funds.

**Item 17 - Voting Client Securities**

The Firm does not have the authority to vote any proxy on behalf of the Funds. The Funds invest primarily in private companies, which typically do not issue proxies. Any proxy proposal in connection with a publicly traded portfolio company of a Fund would be addressed by the Fund’s general partner or CapVest AIFM, as applicable.

**Item 18 - Financial Information**

The Firm is not aware of any financial condition that impairs its ability to meet its contractual commitments to its clients and has not been the subject of a bankruptcy proceeding at any time since it was organized.