

**FORM ADV PART 2A: FIRM BROCHURE**

**ITEM 1. COVER PAGE**

**Fifth Partners Management, LLC**

14785 Preston Road, Suite 290  
Dallas, Texas 75254  
214.492.5863  
March 27, 2024

**Important Disclosure:**

This brochure (“**Brochure**”) provides information about the qualifications and business practices of Fifth Partners Management, LLC and its affiliates. If you have any questions about the contents of this brochure, please contact us at 214.492.5863. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information based on which you determine to hire or retain an investment adviser.

## **ITEM 2. MATERIAL CHANGES**

This Brochure dated March 27, 2024, has been prepared by Fifth Partners Management, LLC. This is our first annual amendment filing of the Brochure. We report the following material changes:

- **Item 1**, we have updated our principal office address.
- **Item 4**, we updated our assets under management.

### ITEM 3. TABLE OF CONTENTS

Item 1. Cover Page .....	1
Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-by-Side Management.....	11
Item 7. Types of Clients .....	12
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	13
Item 9. Disciplinary Information .....	28
Item 10. Other Financial Industry Activities and Affiliations .....	29
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	30
Item 12. Brokerage Practices .....	32
Item 13. Review of Accounts.....	33
Item 14. Client Referrals and Other Compensation .....	34
Item 15. Custody.....	35
Item 16. Investment Discretion.....	36
Item 17. Voting Client Securities .....	37
Item 18. Financial Information .....	38

#### ITEM 4. ADVISORY BUSINESS

Fifth Partners Management, LLC is a Texas limited liability company that was formed in November of 2015. The Firm's indirect owners are Joseph Drysdale and Jeffrey Brownlow (the "**Principals**") who maintain their interests in Fifth Partners through Fifth Partners, LLC.

The Firm intends to provide investment advisory services to pooled investment vehicles (each a "**Fund**," and collectively, the "**Funds**") through two affiliated relying advisers, Fifth Partners Advisors ("**FPA**"), LLC (CRD No. 324339; SEC No. 802-127175) and Arch Energy Partners, LLC (CRD No. 322548; SEC No. 802-126343) ("**AEP**") (each, a "**Relying Adviser**"). Such Relying Advisers and Fifth Partners Management, LLC, although organized as separate legal entities, intend to conduct a single advisory business and register with the SEC under the concept of umbrella registration as outlined in Form ADV instructions. Each Relying Adviser and Fifth Partners Management, LLC are referred to herein, both individually and collectively as the context may require, as "**Fifth Partners**" or the "**Firm**".

The Funds are expected to generally seek to rely on an exemption from registration under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") and their securities will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**"). Fifth Partners expects to provide discretionary investment management services to the Funds in accordance with the applicable limited partnership agreement (or analogous organizational document), investment management agreement, subscription agreement, and side letters of each Fund (each, an "**Advisory Agreement**"). The Advisory Agreements of a Fund, along with any private placement memoranda and related materials, as the case may be, are referred to herein collectively as the "**Offering Documents**" of such Fund.

The Firm's primary investment objective for each Fund is set forth in such Fund's Offering Documents. In accordance with a Fund's individual investment objectives, investments will primarily be made in (1) privately held companies located in the United States as well as elsewhere, in the case of FPA (each such company is referred to herein as a "**Portfolio Company**," and collectively, the "**Portfolio Companies**"), and (2) oil and gas interests, principally located in the United States, in the case of AEP. Generally, the FPA will seek to invest in early-stage growth companies, and AEP will broadly focus on cash flowing oil and gas interests.

Fifth Partners is affiliated with other entities that serve as general partner (each a "**General Partner**," and collectively, the "**General Partners**") to each Fund. The General Partners will generally delegate day-to-day management responsibilities for the Funds to Fifth Partners or another Fifth Partners-affiliated entity (a "**Management Company**" and collectively the "**Management Companies**") but will retain discretion over certain policy-making and oversight functions with respect to the investment program of the Fund and the decision whether to acquire or dispose of investments.

The advisory services of Fifth Partners and of the General Partners are described in this Brochure and in the Advisory Agreements applicable to a Fund, but generally consist of: investigating, identifying, and evaluating investment opportunities; structuring, negotiating, and making investments on behalf of the Funds; managing and monitoring the performance of such

investments; and disposing of such investments. The information set forth herein regarding the investment advisory services provided by Fifth Partners shall also apply in respect of the General Partners and Management Companies unless specifically noted.

Fifth Partners intends to provide investment advice directly to each Fund, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds. Such investors accept the terms of advisory services as set forth in the Funds' Advisory Agreements. The Firm expects to have broad investment authority with respect to the Funds and, as such, investors should consider whether the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investing.

As of December 31, 2023, Fifth Partners has \$288,211,946 of regulatory assets under management on a discretionary basis.

## ITEM 5. FEES AND COMPENSATION

### Management Fees

As compensation for investment advisory services rendered to the Funds, Fifth Partners generally expects to receive from each such Fund an advisory fee (each, a “**Management Fee**”) typically calculated based on committed capital, remaining invested capital, or fair market value with respect to such Fund. Management Fees will generally fluctuate throughout the life of a Fund. Management Fees paid by a Fund are also reduced by certain other fees or compensation received by the Firm or its affiliates that relate to such Fund’s activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail in the applicable Advisory Agreements. Management Fees paid by a Fund are indirectly borne by investors in such Fund.

Management Fees are expected to vary Fund by Fund and will generally be paid quarterly in advance. Management Fees will be deducted directly from each Fund’s account and will generally be borne by each Fund’s third-party investors. Upon termination of a Fund’s Advisory Agreements, Management Fees that have been prepaid will be returned on a prorated basis.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by the Firm and are set forth in such Fund’s Advisory Agreements received by each investor prior to investment in such Fund. The Management Fees and other fees and distributions described herein are generally subject to modification, waiver, or reduction by the Firm in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letters and other arrangements, which may not be disclosed to other investors in the same Fund. Fees may differ from one Fund to another, as well as among investors in the same Fund.

### Carried Interest

As more fully described in the applicable Offering Documents, a Fund’s General Partner will generally receive a carried interest (the “**Carried Interest**”) with respect to such Fund equal to varying percentages of realized profits in excess of a set compound preferred return. The Carried Interest distributed to the General Partner may be subject to a potential clawback at the end of a Fund’s life if such General Partner has received excess cumulative distributions, and at certain interim intervals as provided in the Offering Documents.

Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and/or investors in such Funds can incur lower or no Carried Interest from time to time. Firm personnel may invest in the Funds indirectly through the Funds’ General Partners, and therefore will generally not pay Carried Interest with respect to their indirect investments in the Funds.

### Expenses

**Fund Expenses.** If and to the extent permitted by the Advisory Agreements and other Offering Documents of a Fund, such Fund will bear all expenses relating to it to the extent not borne by its actual or prospective Portfolio Companies, including, without limitation: (a) the due diligence, negotiating, structuring, purchase, acquisition, hedging, holding, monitoring, valuing,

restructuring, transferring, sale, or disposition of any investment (whether or not consummated), including legal, tax, accounting, valuation, appraisal, banking, depositary and consulting fees and expenses, and Dead-Deal Expenses; (b) the development of any Portfolio Company, including the employment of third-party consultants; (c) the administration and audit of the Fund, and the preparation, printing and distribution of financial and tax reports, Schedules K-1, portfolio valuations and tax returns of the Fund to the investors, governmental authorities or self-regulatory organizations (including the fees and expenses of third-party service providers related to such activities); (d) the Fund's *pro rata* portion of reasonable costs and fees arising from software or third-party services used by the Fund for asset valuations, accounting and financial management activities, investor reporting, relationship management, tracking Portfolio Company metrics, and communicating securely with investors (in each case, including license fees, subscription and usage fees); (e) legal, regulatory, administrative and compliance activities of the Fund, the General Partner and/or the Management Company, in each case with respect to the Fund (including, but not limited to, regulatory filings of the Fund, reports, disclosures, filings and notifications prepared in accordance with U.S. securities laws, non-U.S. securities laws, and the AIFMD); (f) compliance with anti-money laundering or "know your customer" laws, regulations, or other similar requirements with respect to the Fund, including the fees and expenses of third-party service providers related to such compliance; (g) compliance with foreign account reporting regimes, including the fees and expenses of third-party service providers related to such compliance; (h) compliance with and filings pursuant to CFIUS or any successor thereto or other matters related to CFIUS in connection with the Fund's investments or prospective investments, regardless of the reason that any such filing is made or other CFIUS matter arises; (i) any actual or threatened litigation, arbitration, investigation, proceeding or audit involving the Partnership; (j) the indemnification obligations of the Fund; (k) the indemnification obligations of the Fund pursuant to contractual obligations with third parties (including with service providers, persons who acquire securities of Portfolio Companies from the Fund, and placement agents); (l) permitted borrowings made by the Fund (including principal and interest on, and fees and expenses arising out of such borrowings); (m) premiums for liability, cybersecurity or other insurance obtained to protect the Partnership, the General Partner, the affiliates of the General Partner, the members and partners of the General Partner or their affiliates, and/or the directors, officers, employees or agents of the General Partner or its affiliates in connection with the activities of the Fund; (n) winding-up and dissolving the Fund and the General Partner; (o) any tax audit, investigation, settlement or review of the Fund, including any taxes, fees or other governmental charges levied against the Fund (and any interest and penalties thereon); (p) restructuring or amendments to the constituent documents of the Fund and related entities, including the General Partner and the Management Company; (q) the formation, maintenance and dissolution of special purpose investment vehicles that were formed in connection with the investment activities of the Fund, including any alternative investment vehicles and subsidiary holding vehicles (including any direct or indirect general partner (or equivalent) thereof); (r) the Fund's *pro rata* portion of reasonable costs and fees associated with software subscriptions, licenses, and services related to analytical, database, or other third party research and/or terminals for the delivery of such services to the Fund; (s) annual or other meetings of the investors, whether individually or as a group (including the cost of travel, meals and entertainment related thereto); (t) annual or other meetings of the Advisory Committee (including the cost of travel, meals, and entertainment related thereto), and all expenses of the Advisory Committee; (u) the use of brokers and finders (including brokerage and finders' fees and

commissions related thereto) in connection with the offer, purchase, or sale of Portfolio Companies; (v) meetings and business-related entertainment with Portfolio Company personnel, intermediaries, and personnel affiliated with prospective Portfolio Companies or prospective strategic partners of actual or prospective Portfolio Companies; (w) services provided to the Fund by custodians and other banking institutions; (x) services provided by any third-party administrator of the Fund in connection with the administration of the Fund; (y) securing of financing, including but not limited to expenses related to the negotiation and documentation of agreements with one or more lenders on behalf of the Fund; (z) the investment of the Fund's cash reserves; (aa) the managed distribution of marketable securities held by the Fund; (bb) compliance with the Fund's operating agreement and (to the extent not borne by an investor) any side letter or similar agreements entered into with investors; (cc) any transfer or proposed transfer of interests in the Fund by any investor to the extent not reimbursed by the transferring parties; (dd) all fees, costs and expenses related to a default by any investor (but only to the extent not paid by such investor); (ee) the use of third-party service providers in connection with the business or management of the Fund, including all routine and extraordinary professional fees and expenses related thereto; (ff) with respect to AEP, the Fund will bear expenses related to asset-level accounting, reservoir engineering, land-title work performed by "landmen," asset management, and similar direct expenses customarily incurred in connection with the direct management of oil and gas assets (including non-operated working interests), which expenses will include underwriting and pursuit costs for transactions which the fund entities do not ultimately consummate, and which underwriting and diligence expenses represent cost allocations of employees of AEP to the fund entity over and above the percentage management fee, and (gg) reasonable and documented fees associated with travel in respect of any of the foregoing (including reasonable and documented expenses of transportation, accommodations, and meals).

Moreover, each Fund shall be charged with all costs and expenses pertaining to the offering and sale of interests to prospective investors and the organization of each Fund and its General Partner, as disclosed in each Fund's Advisory Agreements ("**Organizational Expenses**").

In addition, Fifth Partners at times engages or employs Operating Advisors (as defined in Item 8 below) to perform certain Services (as defined in Item 8 below). If and to the extent permitted under the Funds' Advisory Agreements and other Offering Documents, any and all compensation, fees, and expenses associated with the Operating Advisors and the Services will be paid and/or reimbursed by applicable Portfolio Companies and/or the Funds, and therefore, will constitute a direct or indirect expense of the Funds and not the Firm. No payment to or reimbursement in respect of an Operating Advisor is expected to offset or reduce the Management Fees of the Funds.

**Firm Expenses.** The Firm will bear any expenses that relate to operating the Firm that are not borne by the Funds as set forth above (subject to a Fund's Advisory Agreements and other Offering Documents). In addition, any Organizational Expenses with respect to a Fund in excess of any "cap" established by the Firm and set forth in such Fund's Advisory Agreements, together with any placement agent fees paid by each Fund, shall offset Management Fees payable by the Fund to the Firm (such that the Firm bears Organizational Expenses in excess of such cap and all placement agent fees).



**Portfolio Company Expenses.** Expenses of Portfolio Companies are paid by the applicable Portfolio Companies and are not borne by the Funds directly. Such expenses include, from time to time, (i) expenses of consultants and Operating Advisors engaged by the Firm on behalf of a Portfolio Company, (ii) any expenses initially borne by the Firm or a Fund and reimbursed by the Portfolio Company, and (iii) any other expenses incurred by the Portfolio Companies.

**Co-Investor and Co-Investment Vehicle Expenses.** The Firm from time to time may provide opportunities to co-invest with a Fund to third parties, which include (without limitation) some or all of the following: investors in the Funds (or persons or entities associated with investors), strategic investors who can add important business development relationships or other value to Portfolio Companies, private equity and other investment firms, and individuals from the Firm's ecosystem, including (without limitation), founders, entrepreneurs, Operating Advisors, strategic advisors, and Portfolio Company executives ("**Co-Investors**"). In addition, in certain instances, the Firm permits certain personnel of the Firm to co-invest alongside a Fund. Co-investments will be made directly in the applicable Portfolio Company or through co-investment vehicles formed by the Firm or its affiliates for the purposes of making such co-investment.

In the event that a proposed co-investment opportunity in a new or existing Portfolio Company is not consummated, but certain costs and expenses have been incurred by a Fund in pursuit of such investment opportunity, including (without limitation), any "break-up fees", legal, financial, travel, and other business diligence costs and expenses ("**Dead Deal Costs**"), such Dead Deal Costs generally will be paid solely by the applicable Fund and it is expected that any potential Co-Investors or co-investment vehicle will not bear any portion of such Dead Deal Costs.

If a co-investment does close, the portion of unreimbursed expenses incurred by the applicable Fund in connection with the ongoing monitoring of its investment in the applicable Portfolio Company and any other unreimbursed expenses incurred by the Fund with respect to such investment that are payable by the Co-Investors or any co-investment vehicle (if any) will be determined on a case-by-case basis and in accordance with the relevant Fund's Advisory Agreements; provided that such costs and expenses generally will be paid solely by the Fund and it is not expected that any Co-Investors will bear any portion of such costs and expenses. Other than as set forth in a Fund's Advisory Agreement, the Firm will have no obligation to cause Co-Investors or a co-investment vehicle to bear any costs or expenses incurred by a Fund or to bear any particular portion of such costs or expenses (and will have no obligation to pro rate or otherwise reduce the amount paid by a Fund in respect of any such costs or expenses to take into account the co-investment). In addition, in the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle.

**Allocation of Expenses.** From time to time the Firm will be required to decide whether certain fees, costs, and expenses should be borne by a Fund, on the one hand, or the Firm on the other hand, and whether certain fees, costs, and expenses should be allocated between or among Funds and other parties. Certain expenses will be incurred that are attributable to multiple Funds (including in connection with Portfolio Companies in which Funds have overlapping investments and in connection with the general operation or administration of such entities). The allocation of such expenses among such entities raises potential conflicts of interest.

Funds, from time to time, will co-invest with other Funds in investment opportunities. In addition, certain Funds could, in certain circumstances, be established to facilitate the co-investment by Co-Investors alongside other Funds, either in a single investment opportunity or in all investment opportunities made by such other Funds. Any fees, Carried Interest or other compensation received by the Firm or its affiliates from any Funds established to co-invest with other Funds will not offset the Management Fee payable by the applicable other Fund or otherwise benefit such other Fund or its investors.

To the extent not allocated to a Portfolio Company, the Firm will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Advisory Agreements or, to the extent not addressed in such Advisory Agreements, as determined by the Firm in its good faith but sole discretion, taking into account such factors that it determines to be relevant for a particular expense. If multiple Funds evaluate a potential investment that is not consummated, the Firm will allocate Dead Deal Costs in accordance with each Fund's Advisory Agreements or, to the extent not addressed in such Advisory Agreements, the Firm generally allocates the applicable Dead Deal Costs among such Funds based on the anticipated investment of each Fund. As discussed above, such Dead Deal Costs typically are not allocated to co-investment vehicles or other Co-Investors and will be paid solely by the applicable Fund(s).

Certain expenses (*e.g.*, insurance premiums) will be incurred for the benefit of both the Firm itself, on the one hand, and a Fund or Funds, on the other hand. Apportionment of such expenses involves a conflict of interest. To the extent not addressed in the Advisory Agreements of a Fund, the Firm will make any such allocation determination in a fair and reasonable manner using its good faith but sole discretion, notwithstanding its interest (if any) in the allocation. The Firm will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

**Brokerage Fees.** Although the Firm will not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

**The foregoing information concerning fees and expenses and their application to a Fund is qualified in its entirety by such Fund's Advisory Agreements and other Offering Documents.**

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As mentioned in Item 5 of this Brochure, the Firm may be entitled to receive performance-based fees, in the form of a portion of a Fund's profits distributable to its General Partner as Carried Interest. Fifth Partners may be entitled to receive Carried Interest distributions from the Funds based on the profitability of each Portfolio Company investment, as further described in each Fund's Advisory Agreements. These payments, to the extent received, are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Firm to disproportionately allocate time, services, and functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Advisory Agreements of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Firm to establish new investment funds and (ii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Firm.

In addition, the existence of performance-based compensation has the potential to create an incentive for the Firm to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Fifth Partners generally considers performance-based compensation to better align its interests with those of its investors.

## ITEM 7. TYPES OF CLIENTS

The Firm expects to provide investment supervisory services only to the Funds. Investment advice will be provided directly to the Funds (subject to the direction and control of the General Partner of each such Fund, if applicable) and not individually to investors in such Fund. The Firm may elect to begin offering services to separately managed accounts (“**SMAs**”), although it does not do so at this time. If the Firm begins serving SMAs, there will be an inherent conflict of interest in allocating opportunities between SMAs and the Funds, or other fund which may be established in the future. The Firm anticipates mitigating these conflicts of interests through: (1) non-overlapping investment mandates established in the operating documents of the Funds and similar agreements with SMAs, (2) agreements concerning opportunity allocation between Funds and SMAs, and (3) in the case of overlapping investment mandates, establishment of formal rules between Funds and SMAs govern allocation of opportunities.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the Investment Company Act. Investors in the Funds are generally expected to be “accredited investors”, as that term is defined in Regulation D promulgated under the Securities Act, (ii) “qualified clients”, as that term is defined under the Advisers Act and the rules and regulations promulgated thereunder, and potentially “qualified purchasers”, as that term is defined in the Investment Company Act and the rules and regulations promulgated thereunder, and will include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships, limited liability companies, and other entities.

The Firm does not expect to have a minimum size for any Fund, although minimum investment commitments may be established for Fund investors. Minimum investment amounts (if any) will be set forth in each Fund’s Offering Documents. However, the General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in its Offering Documents.

## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Fifth Partners will seek to provide various kinds of direct support to early stage growth companies in addition to capital. FPA believes that support through advice, networking, and introduction to key partners each company's likelihood of success. FPA employs, and will continue to develop, a proactive, thematic sourcing strategy to develop a pipeline of opportunities for potential investments by leveraging FPA's team's and advisors' deep relationships with an extensive network to bring in exclusive, preemptive deal flow. FPA also utilizes data-driven tools to assist in outbound sourcing efforts. In evaluating a prospective target business, FPA expects to conduct due diligence review, which may include, as applicable and among other things, meetings with incumbent management and employees, document review, financial and operational modeling, legal contracts, quality of earnings, product and technical analyses, field visits, market and regulatory risk reviews, interviews of customers and suppliers, and a review of financial and other information about the target and its industry. AEP will generally seek to identify oil & gas assets which have the potential to provide regular cashflow to Fund owners. AEP will usually identify these targets through use of significant asset-specific diligence, including work by reservoir engineers and land title practitioners.

A full description of the Firm's investment strategy and processes with respect to a particular Fund will be included in such Fund's Advisory Agreements and other Offering Documents.

There can be no assurance that Fifth Partners will achieve the investment objectives of any Fund and a loss of investment is possible.

*Listed below are some of the risks associated with an investment in one or more Funds. The following explanation of certain risks is not exhaustive but rather highlights some of the more significant risks involved in each Fund's investment strategies. For a complete explanation of the Funds' relevant investment strategies and their associated risks, investors should review the relevant Advisory Agreements and other Offering Documents, which contain additional explanations of strategies, risks, and other related details not discussed below. For the avoidance of doubt, each of the following risks may be applicable to all or only certain Funds advised by Fifth Partners; please refer to the relevant Advisory Agreements and other Offering Documents of the Funds in which you are an investor for additional information.*

### Certain Risks Related to an Investment in a Fund

**Risks Associated with Portfolio Investments.** Identifying and participating in attractive investment opportunities and assisting in the building of successful companies is difficult. The types of investments that Fifth Partners anticipates making involve a high degree of risk. In general, financial and business risks confronting Portfolio Companies can be significant. While targeted returns are generally expected to reflect the perceived level of risk in any investment situation, there can be no assurance that the Funds will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Funds' term, while successes often require a long maturation. There is no assurance that the Funds' investments will be profitable and there is a substantial risk that the Funds' losses and expenses will exceed their income and gains. Any return

on investment to the investors will depend upon successful investments made on behalf of the Funds by the Firm. There generally will be little or no publicly available information regarding the status and prospects of Portfolio Companies. Many investment decisions by the General Partner will be dependent upon the ability of its partners and agents to obtain relevant information from non-public sources, and the General Partner often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impractical to verify. The marketability and value of each investment will depend upon many factors beyond the General Partner's control. Typically, although the Principal, an employee of the Management Company, or an Operating Advisor may serve on a Portfolio Company's board of directors, each Portfolio Company will be managed by its own officers (who generally will not be affiliated with the Funds or the General Partners). The Funds may hold minority positions in Portfolio Companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management, or other attributes. Portfolio Companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. New technological developments may have a negative effect on a Portfolio Company's products and business. Portfolio Companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. The Funds' capital will be limited and may not be adequate to protect the Funds from dilution in multiple rounds of Portfolio Company financings. The public market for private companies is extremely volatile. Such volatility may adversely affect the development of Portfolio Companies, the ability of the Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Funds. In particular, the receptiveness of potential acquirers to the Funds' Portfolio Companies will vary over time and, even if a Portfolio Company investment is disposed of via a merger, consolidation, or similar transaction, the Funds' stock, security, or other interests in the surviving entity may not be marketable. There can be no guarantee that any Portfolio Company investment will result in a liquidity event via a merger, acquisition, or otherwise, and there is a significant risk that the Funds' investments will yield little or no return. The securities in which the Funds will invest may be among the most junior in a Portfolio Company's capital structure and, thus, subject to the greatest risk of loss. Generally, the investments made by the Funds will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, investments will be long-term in nature and may require many years from the date of initial investment before disposition. It is likely that the Funds will still hold some illiquid securities at the time of the Funds' dissolution, with the result that such securities may be distributed in-kind or sold for a discounted price that reflects their illiquid nature.

**Risk Inherent in Private Equity Investments.** Portfolio Companies will operate in industry sectors that entail significant operating risk. Portfolio Companies may need substantial additional capital (which may not be available) to support additional research and development activities, expansion, to develop new services or to achieve or maintain a competitive position. Portfolio Companies may face intense competition, including from companies with greater financial resources, more extensive marketing and service capabilities and a larger number of qualified managerial and technical personnel. Some Portfolio Companies are also likely to be more susceptible than more established businesses to the negative effects of downturn in general economic conditions or loss of a single or a small number of employees.

**Concentration of Investments.** The Funds' portfolio may become concentrated in a limited number of investments, increasing the vulnerability of the portfolio as compared to a portfolio that is more diversified. In certain cases, the Funds may acquire a majority or greater of certain Portfolio Companies, which could further increase the vulnerability of the portfolio.

**Long-Term Investment.** An investment in the Funds is a long-term commitment, and there is no assurance of any distribution to the investors.

**Limited Transferability of Interests; Withdrawals.** An investment in the Funds should be viewed as illiquid. The Offering Documents and applicable securities laws will impose substantial restrictions upon the transferability of the Fund interests. There is no public or other market for the Fund interests, and it is not expected that such a market will develop. Withdrawal of investors from the Funds generally will not be permitted, although the Offering Documents may specify certain circumstances under which an investor may be entitled, or required, to withdraw from the Funds. A withdrawn investor may not be entitled to immediate payment for its interest in the Funds. Any withdrawal of an investor may reduce the amount of Fund capital available for investment or other activities.

**Bridge Financings.** From time to time, the Funds may lend to Portfolio Companies, including on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

**Leverage.** Although the Funds will not borrow except on a short-term basis, Portfolio Companies may borrow without limitation. While leverage presents opportunities to increase the Funds' total return, it has the effect of potentially increasing losses as well. If the income of such Portfolio Companies is less than the required interest payments on the borrowings, the value of the Portfolio Companies, and thus of the Funds' net assets, may decrease or, in extreme cases, the lender could foreclose on the Portfolio Company and the Funds could suffer a total loss. In certain cases, and subject to the applicable limitations in the Offering Documents, the Funds may guarantee borrowings by Portfolio Companies. Such guarantees could result in additional losses for the Funds with respect to such Portfolio Companies and could cause the Funds to reserve cash to support such guarantees that it might otherwise use for different purposes. Accordingly, any event that adversely affects the value of an investment by the Fund may be magnified to the extent that a Portfolio Company is leveraged.

**Competition.** The private equity industry is highly competitive, and has become more so in recent years due to a substantially increased flow of capital into private equity funds and similar investment organizations. The Funds and the General Partners will be competing with other established sponsors and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period. There can be no assurance that the Funds will be able to make investments on attractive terms, and it is possible that the Funds' term will expire before the Funds have invested all of their available capital.

**General Economic and Political Conditions; Changes in Environment.** Changes in legal, tax, fiscal and regulatory regimes may occur during the life of the Funds that may have an adverse effect on the Funds. The Funds may not be permitted to, or be able to, make adjustments in their structure or investment program in order to adapt to such changes. The General Partner will have the exclusive right and authority (within the limitations set forth in the Offering Documents) to determine the manner in which the Funds shall respond to such changes, and investors generally will have no right to withdraw from the Funds or to demand specific modifications to the Funds' operations in consequence thereof. Interest rates, inflation, general levels of economic activity, the price of securities, and participation by other investors in the financial markets may affect the value and number of investments made by the Funds. Instability in the securities markets may affect the value of the Funds' Portfolio Companies, as well as the length of time such Portfolio Companies are held. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the Funds. Political unrest, war, and acts of terrorism may also increase the risks inherent in the Funds' investments. Due to the illiquidity of the Funds' investments, the Funds will have limited ability to adapt to any such changes in the economic environment or mitigate any corresponding losses. Prospective investors are particularly cautioned that the investment sourcing, selection, management, and liquidation strategies and procedures exercised by partners of the General Partner in the past may not be successful, or even practicable, during the Funds' term. Within the limitations set forth in the Offering Documents, the General Partner will have the right and authority to cause the Funds' investment sourcing, selection, management, and liquidation strategies and procedures to deviate from current practices.

**Bankruptcy of Portfolio Companies.** The Funds may make investments in Portfolio Companies that experience financial difficulties and become insolvent or file for bankruptcy protection. There are a number of risks inherent in the bankruptcy process, including, for example, the effects of litigation between the creditors and debtor, the duration of the bankruptcy proceedings, and the tangible and intangible costs to the Portfolio Company. Further, various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of the Funds. There is also a risk that a court may subordinate the Funds' investments to other creditors or require the Funds to return amounts previously paid to them by Portfolio Companies that have become insolvent or filed for bankruptcy, a risk that could increase if the Funds have management rights in such Portfolio Companies.

**Reliance on Individuals of the Firm.** The Funds will be particularly dependent upon the efforts, experience, contacts, and skills of the individual partners of the Firm and in particular of the Principals. The loss of any such individual could have a material, adverse effect on the Funds, and such loss could occur at any time due to death, disability, resignation, or other reasons.

**Reliance on Third Parties.** Fifth Partners and the Funds will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants, and other agents. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Funds could have a material adverse effect upon the Funds.



**Capital Calls.** Capital calls will be issued by the Funds from time to time at the discretion of the Firm, based upon the Firm's assessment of the needs and opportunities of the Funds. To satisfy such calls, investors may need to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash. Except as specifically set forth in the Offering Documents, each investor's obligation to satisfy capital calls will be unconditional. Without limitation on the preceding sentence, an investor's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Funds or upon any assessment thereof provided by the Firm. Notwithstanding the foregoing, Fifth Partners will not be obligated to call 100% of the investors' capital commitments during the Funds' term.

**Non-U.S. Investments.** The Funds may invest in securities of portfolio companies organized or having a principal place of business in jurisdictions outside of the United States and Canada ("**Foreign Portfolio Companies**"). Such Foreign Portfolio Company investments may present a variety of risks not presented by investments in U.S. or Canadian Portfolio Companies, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) political instability; and (vii) multiple taxing jurisdictions and the possibility of high levels of taxation, including potentially at confiscatory levels.

Any adverse change to the political, economic, military, or social environments in the host countries of the Funds' Foreign Portfolio Companies could have a significant adverse effect upon the operations or financial performance of the Funds.

**Public Health Emergencies.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases result in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

**Russia-Ukraine Conflict.** There is currently an ongoing military conflict between Russia and the Ukraine which has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition, and performance of the Funds or any particular industry, business, or investee country, and the duration and severity of those effects are impossible to predict.

The Russia-Ukraine conflict may have an adverse impact and result in losses to the Funds. This impact may include reductions in revenue and net operating income, unexpected operational losses and liabilities, and reductions in the availability of capital. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal, and regulatory frameworks and systems in ways that are adverse to the investment strategies pursued by the Funds, all of which could adversely affect the Funds' ability to fulfill their investment objectives.

**Controlling Investments.** A portion of a Fund's portfolio may be comprised of investments in Portfolio Companies in which the Fund owns a significant portion of the issued and outstanding securities, including ownership and/or control positions which represent at least a majority of a Portfolio Company's voting securities. These investments may entitle the Funds to elect a majority of a Portfolio Company's directors and exert significant influence over a Portfolio Company's business, operations, affairs, and transactions. These capabilities could lead the Funds to be viewed as controlling a Portfolio Company or being considered a controlling stockholder. As a result, the Funds may be exposed to claims, lawsuits, or investigations by minority stockholders, creditors, government, or regulatory authorities or other persons. In the event any such claims were successful; the Funds may be held liable for any damages that are awarded or be required to fund any settlement with such parties. Even if such claims, lawsuits, or investigations prove to be without merit, the Funds would be required to expend significant resources defending themselves and their affiliates. In addition, the Funds' reputation and goodwill may be harmed if they are considered a controlling stockholder of a Portfolio Company that is subject to negative publicity.

**Minority and Non-Controlling Investments.** A portion of the Funds' investments may represent minority stakes in privately-held companies (and/or hold positions in Portfolio Companies where disproportionate voting control (relative to economic ownership) remains with such Portfolio Companies' founders) and, therefore, the Funds may have a limited ability to control various strategic decisions for those Portfolio Companies. The Funds may invest in companies for which the Funds have no right to appoint a director or otherwise exert significant influence. In such cases, the Funds will be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. To the extent that the management of a Portfolio Company performs poorly, or if a key manager of a Portfolio Company terminates his or her employment with such company, the Funds' investment in such company could be adversely affected. In addition, where the Funds hold a minority position in a Portfolio Company, the Funds may also have limited information rights with respect to such Portfolio Company and thus will receive less information regarding such Portfolio Company than some or all of its other equity holders.

**Projections.** Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, the inaccuracy of certain assumptions, general economic conditions, and other factors, which are not predictable, can have a material impact on the reliability of projections.

**Return of Distributions.** Indemnification obligations and obligations to return proceeds to a Portfolio Company imposed on the Funds (including obligations that arise after the Funds' liquidation) could obligate investors to return certain distributions received from the Funds, as provided in the Offering Documents and under Delaware law.

**Contingent Liabilities on Disposition of Investments.** In connection with the disposition of their investments in Portfolio Companies, the Funds may be required to make representations about the

business and financial affairs of any such investment typical of those made in connection with the sale of a business. The Funds may also be required to indemnify the purchasers of such investment to the extent that any such representations or representations made by the Portfolio Company are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which Fifth Partners may establish reserves and escrows. In that regard, a distribution of proceeds that might otherwise be made may either be delayed or withheld until such reserves are no longer needed. If any such distribution is made in lieu of being delayed and withheld and such representations prove to be inaccurate, the investors could be required to return such distribution to the Funds as provided in the applicable Advisory Agreements.

**Lack of Operating History.** The Firm and its affiliates are each newly formed entities with no prior operating history. Past investment performance of the partners of the Firm and its affiliates does not ensure future performance for the Funds. Investors could lose money in connection with their investment in the Funds.

**Cybersecurity Breaches.** Fifth Partners and the Funds' Portfolio Companies will depend heavily upon computer systems to perform necessary business functions. Although Fifth Partners expects to implement, and Portfolio Companies will likely implement, a variety of security measures, these computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, Fifth Partners and the Funds' Portfolio Companies will be subject to threats to their respective data and systems, including malware and computer virus attacks, unauthorized access, system failures, and disruptions. If one or more of these events occur, it could potentially jeopardize the confidential, proprietary, and other information processed and stored in, and transmitted through, such computer systems and networks, or otherwise cause interruptions or malfunctions in the Firm's, the Funds', or Portfolio Companies' operations, which could result in damage to the Firm's, the Funds', or Portfolio Companies' reputation, financial losses, litigation, increased costs, regulatory penalties, and/or customer dissatisfaction or loss.

**Data Protection.** Data protection and regulations related to privacy, data protection, and information security could increase costs, and a failure to comply could result in fines, sanctions, or other penalties, which could materially and adversely affect the results of operations of one or more Portfolio Companies and the Funds. Such Portfolio Companies will be subject to regulations related to privacy, data protection, and information security in the jurisdictions in which they do business. As privacy, data protection, and information security laws are implemented, interpreted, and applied, compliance costs will likely increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Compliance with current and future privacy, data protection, and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention, and safeguarding of personal data and some of Fifth Partners' and the Funds' current and planned business activities. A failure to comply with such laws could result in fines, sanctions, or other penalties, which could materially and adversely affect results of the Funds' operations and overall business, as well as have an impact on Fifth Partners' and the Funds' reputation.

### Certain Risks Related to Oil and Gas Investments

The return on investments made by AEP is generally dependent on the operating margins achieved and cash flows generated by the oil and gas assets from the development, production, gathering, transportation, processing, storage, refining, distribution, or marketing of, oil and natural gas. These operating margins and cash flows may fluctuate widely in response to a variety of factors, including economic conditions, weather conditions, natural disasters, the supply and price of imported natural resources, political instability, conservation efforts and governmental regulation. Energy prices have been very volatile in the past and such volatility is expected to continue. AEP's fund's returns may be directly affected by energy prices.

The operating results of companies in the energy sector are generally highly cyclical, with fluctuations in commodity prices and demand for commodities driven by a variety of factors. Commodity prices and energy asset values have recently experienced extremely high volatility. The highly cyclical nature of the energy sector may adversely affect the earnings or operating cash flows of the Funds.

A sustained decline in demand for oil or natural gas could adversely affect the Fund's revenues and cash flows. Factors that could lead to a sustained decrease in market demand include a recession or other adverse economic conditions, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products. Demand may also be adversely affected by consumer sentiment with respect to global warming, other environmental concerns and by state or federal legislation intended to promote the use of alternative energy sources. It is impossible to predict whether demand for oil or natural gas, which has experienced declines in the recent past, could further decline, especially if prices rise.

The energy sector is highly competitive. AEP will face substantial competition from other companies, many of which may have greater financial, technological, human and other resources, in acquiring natural resource assets, obtaining and retaining customers and contracts and hiring and retaining qualified personnel. Larger companies may be able to continue their operations during periods of low prices. To the extent that they are unable to compete effectively, one or more of the AEP's Funds operating results, financial position, growth potential and cash flows may be adversely affected.

Exploration, development and production companies are particularly vulnerable to declines in the demand for, and prices of, oil and natural gas. Reductions in prices can cause a given reservoir to become uneconomic for continued production earlier than it would if prices were higher, resulting in the plugging and abandonment of, and cessation of production from, that reservoir. In addition, lower commodity prices not only reduce revenues, but also can result in substantial downward adjustments in reserve estimates. The accuracy of any reserve estimate is a function of the quality of available data, the accuracy of assumptions regarding future commodity prices and future exploration and development costs and engineering and geological interpretations and judgments. Different reserve engineers may make different estimates of reserve quantities and related revenue based on the same data. Actual prices, development expenditures and operating expenses will vary from those assumed in reserve estimates, and these variances may be significant. Any significant variance from the assumptions used could result in the actual quantity of reserves and future net

cash flow being materially different from those estimated in reserve reports. In addition, results of drilling, testing and production and changes in prices after the date of reserve estimates may result in downward revisions to such estimates. Substantial downward adjustments in reserve estimates could have a material adverse effect on the Fund's financial position and results of operations.

The profitability of one or more investments could be adversely affected by changes in the regulatory environment. Exploration and production companies are subject to significant regulation in many aspects of their operations. Such regulation can change over time in both scope and intensity. Various federal, state and local governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and could adversely affect the financial performance of the Funds. There is an inherent risk that one or more of the Funds' investments may incur environmental costs and liabilities due to the nature of their businesses and the substances handled by them.

Oil and gas operations are subject to many hazards inherent in the exploration for, and development, production, gathering, transportation, processing, storage, refining, distribution, or marketing of oil and natural gas, including damage to production equipment, pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism; inadvertent damage from construction or other equipment; leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons; and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, and might result in the curtailment or suspension of its related operations. One or more of the assets owned by the Funds may not be fully insured against all risks inherent to its businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect an assets operations and financial condition.

- The Funds' assets operations can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife. Seasonal restrictions may limit operations in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay the operations and materially increase the operating and capital costs. Permanent restrictions imposed to protect endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. Specifically, applicable laws protecting endangered species prohibit the harming of endangered or threatened species, provide for habitat protection, and impose stringent penalties for noncompliance. The designation of previously unprotected species as threatened or endangered in areas where the Funds own assets could cause increased costs arising from species protection measures or could result in limitations, delays, or prohibitions on exploration and production activities that could have an adverse impact on production.

#### Certain Conflicts of Interest

**Side Letters.** Fifth Partners will be authorized, without the approval of any investor, to enter into one or more side letters or similar written agreements with certain investors, which will have the effect of establishing rights under or altering or supplementing the terms of the Offering Documents with respect to such investors. As a result of such side letter agreements, certain investors may receive additional benefits that other investors will not receive, including, without limitation, the circumstances under which exclusion from certain investments or involuntary withdrawals from the Funds may be required; arrangement with respect to waivers or reductions of the Management Fee and/or Carried Interest; “most favored nation” rights (*i.e.*, the right to receive favorable rights or other arrangements, including co-investment arrangements, that may be afforded to other investors); rights or terms necessary in light of particular legal, regulatory, or policy requirements of an investor; and the right to receive reports from the Funds on a more frequent basis or to receive reports that include information not provided to other investors. Subject to applicable law, such agreements will be disclosed only to those actual or potential investors that have separately negotiated with the Firm or its affiliates for the right to review such agreements. Said arrangements will generally be based on such factors as the size of an investor’s commitment, an investor’s relationships with Fifth Partners or its affiliates, or any particular regulatory, tax, or legal considerations applicable to an investor, but the Firm or its affiliates may enter into such arrangements for any reason they deem necessary, advisable, desirable, or convenient. As a result, returns may vary from investor to investor depending on any arrangements applicable to a given investor’s Fund investment.

**Profits Not Shared in Proportion to Contributed Capital.** The capital contributions of the General Partner will represent only a small portion of a Fund’s capital. Investors will invest greater amounts and may receive a proportionately smaller amount of the profits of the Fund than the General Partner. The General Partner’s profits interest in the Fund may create an incentive for the General Partner to make riskier investments than it would make if it were solely investing its own funds.

**Diverse Limited Partner Group.** The investors may have conflicting investment, tax, and other interests with respect to their Fund investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by Fifth Partners or its affiliates, including with respect to the nature or structuring of investments that may be more beneficial for some investors than for others, particularly with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for the Funds, the Firm and its affiliates will consider the investment and tax objectives of the Fund and the investors as a whole, not the investment, tax, or other objectives of any investor individually.

**Transactions between Portfolio Companies of the Funds.** Portfolio companies of the Funds may engage in commercial transactions with one another from time to time as the Firm or its affiliates determine to be appropriate in their sole discretion.

**Investor and Fifth Partners Use of Portfolio Company Products and Services.** Portfolio Companies may from time to time provide products or services to certain Fund investors. Fifth Partners and its affiliates may have an incentive to encourage any such Portfolio Company to favor such investors (or their affiliates) relative to other clients or customers of the Portfolio Company in terms of pricing or otherwise, which could adversely affect the applicable Portfolio Company's profitability and the ultimate returns to the Funds with respect to their investment in that Portfolio Company. In addition, the Firm and its affiliates may, in certain instances, receive discounts on products and services provided by Portfolio Companies, which could adversely affect the applicable Portfolio Company's profitability and the ultimate returns to the Funds with respect to their investment in that Portfolio Company.

**Investors as Service Providers.** Certain Fund investors or their affiliates may from time to time in the ordinary course of their business activities provide services to the Funds or their Portfolio Companies (*e.g.*, banks that are affiliates of investors may act as lenders to the Funds or their Portfolio Companies). The Firm and its affiliates anticipate that any such services would be provided to the Funds or their Portfolio Companies on arm's-length or otherwise customary market terms.

**Affiliated Service Providers.** In addition to the Operating Advisors, other service providers (*e.g.*, lawyers, accountants, lenders, banks, brokers) are also expected to provide services to the General Partners, the Funds, or (at their election) the Portfolio Companies and may also provide goods or services to or have business, personal, financial, or other relationships with the Firm or its personnel or affiliates ("**Affiliated Service Providers**"). Moreover, Fifth Partners through one or more of its affiliates may in the future own or control a service provider that has a relationship with the Funds and/or their Portfolio Companies. These relationships may influence the General Partner in deciding whether to select or recommend an Affiliated Service Provider to perform services for the Funds or Portfolio Companies (the cost of which will generally be borne directly or indirectly by the Funds or Portfolio Companies, as applicable). Advisors and service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. Therefore, based on the types of services used by the Funds and Portfolio Companies as compared to the Firm and its affiliates and the terms of such services, Fifth Partners and its affiliates may benefit to a greater degree from such vendor arrangements than the Funds or Portfolio Companies. More generally, terms on which such services are provided to such persons and entities may, in certain circumstances, differ from (and be more favorable than) those on which similar services are provided to the Funds or their Portfolio Companies.

The Firm believes that, given the quality of such an Affiliated Service Provider's services, the value proposition of using such an Affiliated Service Provider would be a significant benefit for the Funds and their Portfolio Companies than what Fifth Partners believes the Funds or their Portfolio Companies would otherwise be able to receive from comparable service providers. Notwithstanding the foregoing, it is the Firm's practice to seek to select service providers for the Funds and their Portfolio Companies that it believes are in the best interests of the Funds or their Portfolio Companies based on their merits and not based on the services, or the terms of such services,

provided to Fifth Partners or its affiliates. From time to time, the Firm and its affiliates will review their selection of service providers and the arrangements between the Funds and their Portfolio Companies and such Affiliated Service Providers.

In particular, AEP will allocate expenses from reservoir engineers, analysts, accountants and similar employees directly to the fund, in addition to the percentage management fee. These expenses will include underwriting expenses and pursuit costs for acquisitions evaluated, but not consummated by the Funds.

**Consultants.** Fifth Partners may engage, or cause the Funds to engage, consultants from time to time, including consultants made available through “expert networks”, to provide services to the Funds or their Portfolio Companies for particular purposes or particular projects, and such consultants may receive fees or other remuneration and expense reimbursement (including travel and travel-related expenses) from the Funds or the applicable Portfolio Companies, none of which would reduce the Management Fees of the Funds and all of which would constitute a direct or indirect expense of the Funds. Such services may include, among others, assisting the General Partners with technical or marketing research or due diligence with respect to companies in which the Funds are considering an investment or have invested or providing technical, financial, or other operational services to Portfolio Companies.

**Operating Advisors.** The Firm may engage or employ one or more individuals with significant industry, domain, transactional, financial, investment, operating, or other experience to assist with strategic advice, sourcing investment opportunities, conducting due diligence, facilitating transaction execution, and overseeing or providing similar services to one or more Portfolio Companies or to Fifth Partners and/or its affiliates in connection with any such Portfolio Companies (the “**Services**”), including by serving as an executive of, “executive advisor” to, or consultant to one or more Portfolio Companies (each, an “**Operating Advisor**”). Pursuant to the Offering Documents, any and all compensation, fees, and expenses associated with the Operating Advisors and the Services will be paid and/or reimbursed by applicable Portfolio Companies and/or the Funds and therefore will constitute a direct or indirect expense of the Funds and not the Firm or its affiliates. Moreover, such compensation, fees, and expenses do not offset the Management Fees of the Funds. Such compensation, fees, and expenses are expected to include cash fees, profits or equity interests in a Portfolio Company, a share of proceeds upon the sale of a Portfolio Company, benefits and other indicia of employment, retainer fees, consulting fees, and/or other incentive-based compensation, and any expenses associated with the formation and capitalization of a “search”, “roll-up”, or acquisition vehicle to be utilized by an Operating Advisor in connection with the Services. Operating Advisors may also have the opportunity to invest in the Funds and/or one or more Portfolio Companies on preferential terms relative to the investors or any other Co-Investor (as defined below). Operating Advisors are expected to be entitled to indemnification and exculpatory protections from the Funds on the same terms and conditions as the Firm and its affiliates. In addition, the Funds and their Portfolio Companies may pay an Operating Advisor to perform Services that, directly or indirectly, benefit the Firm, other Funds, and/or Portfolio Companies of other Funds and there can be no assurance that the Firm will be able or willing to



prevent this from occurring. Fifth Partners and its affiliates shall not, and shall have no duty or other obligation under the Offering Documents, to disclose to the investors or the Fund's advisory committee (the "**Advisory Committee**") the compensation, fees, and expense arrangements of Operating Advisors as it pertains to the Funds, any Portfolio Company, or any other entity or individual. Operating Advisors may also be full-time employees of the Firm. For example, FPA may elect to use Firm personnel to provide direct services to the fund that would ordinarily be performed by third-parties, such as book-keeping and administrative services, or land due diligence services.

**Travel-Related Expenses.** In connection with the business or activities of the Funds, Fifth Partners personnel may use different modes of transportation and lodging, such as car travel, taxis, air travel (including in certain circumstances private aircrafts), hotels, resorts, and so forth. All travel by the Firm personnel will be conducted pursuant to the Offering Documents and Fifth Partners' internal travel policies. In case of private air travel, the Firm may allocate expenses related to such travel to the Funds in accordance with the Offering Documents, it being understood that any such expenses allocated to the Funds in connection with travel to a specific destination shall not exceed (as determined by the Firm or its affiliates in their sole discretion) the customary charter rate to such destination.

**Time and Attention of Investment Professionals.** The Principals and other Fifth Partners investment professionals, as applicable, will devote a portion of their time to the business of the Funds other than any given Fund and to certain other business endeavors. Conflicts may arise in the allocation of such person's time among the Funds and other such investment partnerships and endeavors.

**Formation of New Funds.** Pursuant to the terms of the Offering Documents, the Firm may establish additional investment funds which may or may not be competitive with the Funds, and there can be no assurance that the creation of such additional investment funds will not give rise to conflicts of interest between the investors of the respective funds.

**Investment Opportunities.** Conflicts of interest may arise in allocating investment opportunities among the Funds, regardless of whether such investment vehicles are currently existing, fundraising, or contemplated. The strategy of the Funds may overlap to some degree, and thus, an investment may in the first instance be allocated to another investment vehicle even though it may otherwise be an eligible investment for a Fund, or the Fund may not be able to acquire the entire amount of such investment opportunity (including because capital from another Fund has been applied in part towards such acquisition). Allocation of investment opportunities will generally be made in the sole discretion of Fifth Partners and its affiliates. There can be no assurance that the allocation of investment opportunities by the Firm and its affiliates will not give rise to conflicts of interest between the investors of the respective Funds.

**Co-Investment by Investors and Other Third Parties.** As discussed in Item 5 above, Fifth Partners may, but is under no obligation to, provide opportunities to co-invest with the Funds to

Co-Investors. Fifth Partners may provide opportunities to co-invest with the Funds to one or more Fund investors (or persons or entities associated with Fund investors) without making such opportunity available to all Fund investors.

Co-investments may be made directly in the applicable Portfolio Company or through vehicles formed by the Firm for such co-investment or to accommodate co-investments in general. Fifth Partners may receive fees, carried interest, or other compensation in connection with such co-investments. The allocation of co-investment opportunities may involve a benefit to the Firm including, without limitation, management fees, carried interest, or other transaction-based compensation in connection with the co-investment opportunity and/or additional capital commitments to the Funds. As a result, Fifth Partners may be subject to conflicting interests with respect to offering co-investment opportunities.

**Co-Investors Not Paying Their *Pro Rata* Share (or Other Portion) of Investment and “Broken-Deal” Costs and Expenses.** As discussed in Item 5 above, any Dead Deal Costs associated with a proposed co-investment opportunity generally will be paid solely by the Funds, and it is expected that any potential Co-Investors will not bear any portion of such Dead Deal Costs; and if a co-investment does close, the Firm generally will have no obligation to cause Co-Investors to bear any expenses incurred by the Funds or to bear any particular portion of such expenses.

**Fees from Portfolio Companies.** Fifth Partners may receive certain fees (whether in cash or in the form of options, restricted stock, warrants, or other similar rights) from Portfolio Companies in connection with the purchase, monitoring, or disposition of the Funds’ investments or in connection with unconsummated transactions or in connection with providing services to such Portfolio Companies as directors, consultants, or otherwise (e.g., directors’ fees, transaction fees, financial consulting fees, monitoring fees, advisory fees, and “break-up fees”). As described in the Offering Documents, such fees will generally, but not always, result in a partial reduction in the Management Fee subject to the provisions of the Offering Documents. However, such “management fee offset” provisions of the Offering Documents generally do not apply to (and therefore neither the Funds nor any investors will benefit from) fees or remuneration received from Portfolio Companies of the Funds by any other individual in his or her capacity as an officer or employee of (or consultant to) a particular Portfolio Company, including any such individual employed by or otherwise providing services to the Firm. In addition, such “management fee offset” provisions will not apply to Operating Advisors.

**Certain Advisory Committee Approvals.** The Offering Documents will contain certain protections for investors against conflicts of interest faced by Fifth Partners and its affiliates, but will not purport to address all types of actual and potential conflicts that may arise. Under the Offering Documents, certain transactions that involve conflicts of interest between the Firm and its affiliates, on the one hand, and the Funds, on the other hand, may be submitted to the Advisory Committee for resolution. However, (i) the Advisory Committee will not represent the interests of all the investors, (ii) each member of the Advisory Committee may act in the interests of the investor with which it is associated, and (iii) the members of the Advisory Committee may themselves be

subject to various conflicts of interest. In general, investors will not be entitled to control the selection of members of the Advisory Committee or to review the actions or deliberations of the Advisory Committee. Furthermore, some or all of the members of the Advisory Committee may also be on the Advisory Committee of any other Funds with which there is a potential conflict or may represent investors that have an interest in both the Fund and such other Fund(s). Such Advisory Committee members will not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve potential conflicts of interest. The Firm or its affiliate will, however, retain ultimate responsibility for all decisions relating to the operation and management of the Funds.

**Special Tax Considerations Applicable to the General Partners.** Solely in respect of the General Partners' interests in the Funds that are disproportionate to the amounts of cash invested by the General Partners in the Funds, the holding period required to claim the lower U.S. federal income tax rates generally applicable to long-term capital gains under the Tax Cuts and Jobs Act is more than three years rather than more than one year. The character of gain recognized by investors generally would not be adversely affected by this rule. However, these new holding period requirements could affect investment decisions, including the timing of dispositions by the Funds and could adversely affect returns for investors. In addition, these new holding period requirements could subject employees or other individuals performing services for the Funds and benefitting from Carried Interest to higher rates of U.S. federal income tax on such Carried Interest than was the case under prior law. As a result, the changed treatment of Carried Interest under these rules could adversely affect such employees or other individuals who benefit from carried interest, which could make it more difficult for the underlying managers to incentivize, attract, and retain individuals to perform services for the Funds. As a result, the General Partners may have incentives not shared by Fund investors, including to cause the Funds to hold investments for longer than three years or to disproportionately distribute securities or other property to the General Partners. In addition, there are pending proposals in the Senate and the House that could increase or change the holding period requirement.

**The foregoing list of risks and potential conflicts of interest does not purport to be a complete enumeration of the risks and conflicts attendant to an investment in the Funds. Additional risks and conflicts may exist that are not presently known to Fifth Partners or its affiliates or are deemed immaterial. Prospective investors should read the Offering Documents in their entirety and consult with their independent advisors before deciding whether to invest in the Funds. In addition, as the investment program of the Funds develops and changes over time, an investment in the Funds may be subject to additional and different actual and potential risks and conflicts of interest.**

**ITEM 9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to client's evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Fifth Partners' advisory services or the integrity of its management.

#### **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

The Firm is affiliated with the General Partners and the Management Companies, which are subject to the Advisers Act pursuant to Fifth Partners' registration in accordance with SEC guidance. These affiliated entities operate as a single advisory business together with the Firm and serve as managers, general partners, or management companies of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants, or persons occupying similar positions.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

**Code of Ethics and Personal Trading.** Fifth Partners has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code will set forth a standard of business conduct and compliance with federal securities laws by all employees of the Firm and will describe Fifth Partners’ fiduciary duties and responsibilities to its Funds, require that the Firm’s employees act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with respect to the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise.

The Code will also contain policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Firm is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. Fifth Partners prohibits personal trading in certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an initial public offering or a new private placement; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Firm established procedures reasonably designed to prevent the abuse of material non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Firm would make information barriers impractical, Fifth Partners will not impose information barriers to restrict the internal flow of possible material non-public information. Thus, all professionals will be deemed to be in receipt of material non-public information in all instances where any professional of the Firm has received material non-public information and, therefore, such professionals may not trade on the basis of that information.

Fifth Partners will provide a complete copy of the Code to any current or prospective client or investor upon request sent to the Chief Compliance Officer (“CCO”), Gregory Schulz at [gschulz@fifthpartners.com](mailto:gschulz@fifthpartners.com).

**Participation or Interest in Client Transactions.** Principals and employees of the Firm and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-investment vehicles. Such persons generally do not pay Management Fees and Carried Interest related to their investments. To the extent that co-investment vehicles exist, such vehicles are expected to invest in one or more of the same Portfolio Companies as the Funds. Co-investment opportunities generally are also expected to be presented to certain affiliates of Fifth Partners as well as third-party investors and other persons, and such co-investments may be effected through co-investment vehicles directly in a particular Portfolio Company or through an intermediate entity in a Portfolio Company’s structure. Such co-investment opportunities generally will be allocated in the manner described in the applicable Offering Documents.

**Conflicts of Interest and Their Resolution.** From time to time, subject to the applicable Advisory Agreements of a Fund, the Firm and its related entities may engage in a broad range of activities,

including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management, and other services to Funds and Portfolio Companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time conflict with the interests of Fifth Partners, other Funds, or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Firm addresses such conflicts of interest, can be found below, as well as in the Advisory Agreements and other Offering Documents of the Funds.

In the case of all conflicts of interest, Fifth Partners' determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment, but in its sole discretion. In resolving conflicts, Fifth Partners will consider various factors, including the interests of the applicable Funds with respect to the immediate issue or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless the Firm believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions, or other provisions contained in the Advisory Agreements for the Funds;
- (3) Fifth Partners may consult with the Advisory Committee of a Fund as to certain potential conflicts of interest, and on any issue involving actual conflicts of interest the Firm will be guided by its good faith discretion;
- (4) Fifth Partners may establish certain committees for the purpose of addressing and advising with respect to certain conflicts of interest;
- (5) Where the Firm deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (6) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of such Fund, including in its Advisory Agreements (*e.g.*, the limited partnership agreement) and other Offering Documents (*e.g.*, the private placement memorandum).

More detailed procedures for resolving specific conflicts of interest are set forth in the Advisory Agreements of the applicable Fund and certain provisions of a Fund's Advisory Agreements are designed to protect the interests of investors in situations where certain conflicts exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

## **ITEM 12. BROKERAGE PRACTICES**

Fifth Partners will provide investment advice to the Funds primarily with regards to private equity related investments. As such, the Firm's transactions on behalf of the Funds will normally be privately negotiated and generally will not involve the use of a broker or dealer for the execution of Fund transactions. In those cases when Fifth Partners may need to use a broker-dealer, the Firm will seek to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Funds. Due to the nature of the Firm's investment advice and relationship with the Funds, Fifth Partners does not expect to recommend or select broker-dealers for transactions in the Funds. In rare cases where the Firm determines to utilize a broker or a dealer to transact on behalf of the Funds, the Firm will evaluate such broker or dealer based on a range of factors, including without limitation commission price, willingness to commit capital, ability to execute the desired transaction, and other factors. As a fiduciary, Fifth Partners must execute securities transactions in such a manner that each Fund's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained. Thus, the Firm will consider the full range and quality of a broker-dealer's service in selecting or recommending broker-dealers to meet best execution obligations, including the ability to access or otherwise execute large transactions in the public market. Fifth Partners may not pay the lowest commission rate available. As a starting point, though, the primary consideration is the trade price and commission quoted by the broker-dealers.

As noted above, the investment advisory services provided by the Firm to the Funds will generally be in relation to private-equity-related investments, for which the aggregation of orders is not applicable.



### **ITEM 13. REVIEW OF ACCOUNTS**

The Funds' Portfolio Companies will be continually monitored and reviewed by the investment committee. The investment committee will be responsible for, among other things, reviewing the Portfolio Companies in the context of the Funds' stated objectives and monitoring for portfolio and risk management.

More frequent reviews may be triggered by material changes in key variables that affect the performance of the Portfolio Companies, including, without limitation, changes in the financial markets activity and trends in the political or economic environment as well as the specific circumstances affecting the Funds.

Fund assets are held with qualified custodians and audited financial statements are provided to investors in the Funds, within 120 days of the end of each Fund's fiscal year as required by Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). Additional reporting may be provided to investors of a particular Fund pursuant to such Fund's Advisory Agreements.

#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Fifth Partners does not expect to receive an economic benefit from anyone, other than its Funds, for providing investment advice or other advisory services to the Funds.

Fifth Partners and certain Funds may enter into third-party marketing arrangements with respect to the sale of interests in the Funds. Such third-party placement agents will typically be compensated with a portion of the Firm's Management Fee payable with respect to the relevant Fund, at no cost to the investors in the Fund. Investors will not incur additional fees as a result of these arrangements.

## **ITEM 15. CUSTODY**

Fifth Partners is deemed to have custody of the assets of each Fund because it or an affiliate serves as each Fund's General Partner. Fifth Partners and/or such General Partner is able to withdraw a Fund's cash and/or securities held with a custodian upon Fifth Partners and/or such General Partner's instruction to the custodian. Therefore, Fifth Partners is subject to the Custody Rule.

The Firm adheres to the applicable requirements of the Custody Rule with respect to the Funds' assets. The CCO will ensure that all privately offered securities, not held at a qualified custodian, do not violate the private security exemption provided in the Custody Rule; so long as such securities are (i) acquired from the issuer in a transaction not involving any public offering, (ii) uncertificated (with ownership recorded only on the books of the issuer or its transfer agent in the name of each Fund), and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. The Firm will arrange for annual independent audits of the Funds by an accounting firm, registered with and subject to inspection by the Public Company Accounting Oversight Board, within 120 days of the Funds' fiscal year end, and for obtaining audited financial statements prepared in accordance with Generally Accepted Accounting Principles. The Firm delivers such audited financial statements to investors of the Funds within 120 days of the Funds' fiscal year end.

## **ITEM 16. INVESTMENT DISCRETION**

Fifth Partners accepts discretionary authority to manage assets and securities on behalf of its Funds through the Advisory Agreements and other Offering Documents of the Funds. The investors generally do not have the ability to place any limits on Fifth Partners' authority beyond the limitations set forth in the Offering Documents of the applicable Fund.

## **ITEM 17. VOTING CLIENT SECURITIES**

While the securities evidencing the investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where Fifth Partners, having discretionary authority over the accounts of the Funds, will be asked to vote the securities of such Funds on restructuring or other corporate matters. Fifth Partners plans to adopt a proxy voting policy as required by the Advisers Act. While unlikely, the Firm's investment strategy may involve the acquisition of publicly-traded securities with voting authority, and as such, the Funds may be placed in a position of proxy voting authority. If the Funds do come into possession of securities with proxy voting rights, the Firm may have the authority to vote proxies and will do so in its sole judgement and in the best interests of its Funds. To the extent Fifth Partners receives proxy voting authority, the Firm generally believes that company management is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, Fifth Partners will generally vote proxies in line with company management. However, under circumstances where the Firm believes that company management's proposal will not maximize value for the Firm's Funds, Fifth Partners will vote against company management. Fifth Partners' proxy voting policy will include guidelines for voting against company proposals as well as guidance for situations where a proxy vote presents a conflict of interest to ensure that such conflict is resolved in the best interests of the Funds. Investors can obtain information about how proxies were voted or a copy of the Firm's proxy voting policies by contacting the CCO, Gregory Schulz, at [gschulz@fifthpartners.com](mailto:gschulz@fifthpartners.com).

**ITEM 18. FINANCIAL INFORMATION**

Fifth Partners will not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance.

The Firm does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Funds.

Fifth Partners has never been the subject of a bankruptcy petition.