



**Good Springs Capital LP**  
**1450 Broadway, 39<sup>th</sup> Floor**  
**New York, NY 10018**  
**January 2024**

This “**Brochure**” provides information about the qualifications and business practices of Good Springs Capital LP (hereinafter “**Good Springs**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Richard Albano, by email at [rich@goodspringscap.com](mailto:rich@goodspringscap.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Good Springs is a Registered Investment Adviser with the SEC. Registration as an investment adviser does not imply that Good Springs or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Good Springs is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This Brochure is Good Springs' annual updating amendment. There is one material change to report since the Firm's prior update dated October 2023. The General Partner launched a new parallel fund, Good Springs Capital Fund I (Offshore) LP, a Delaware limited partnership, in February 2024.

This Brochure may be requested at any time, without charge, by contacting Good Springs at [rich@goodspringscap.com](mailto:rich@goodspringscap.com).

We encourage current and future investors to read this Brochure, as well as all of the governing and offering documents applicable to your current or prospective investment, in their entirety.

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#### **Item 4: Advisory Business**

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Good Springs Capital LP (hereinafter “**Good Springs**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is organized as a Delaware limited partnership with a principal place of business in New York, New York. Good Springs was founded in 2023 by David Van Geyzel and Yehuda Toledano (the “**Managing Partners**”). David Van Geyzel and Yehuda Toledano principally own and control Good Springs.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended (the “**Securities Act**”), and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. We do not tailor our advisory services to the individual needs of any particular investor.

Good Springs currently manages the following pooled investment vehicles: Good Springs Capital Fund I LP (the “**Fund**”), a Delaware limited partnership; and Good Springs Capital Fund I (Offshore) LP (the “**Offshore Fund**” and, together with the Fund, the “**Funds**”), a Delaware limited partnership. The Funds’ “**Limited Partners**” are hereafter referred to as the “**Investors**” where appropriate. Good Springs Capital GP I, LLC serves as the “**General Partner**” to the Funds.

Our investment decisions and advice with respect to the Funds are subject to the Funds’ investment objectives and guidelines, as set forth in its respective “**Offering Documents.**”

We do not currently participate in any Wrap Fee Programs.

As of February 29, 2024, Good Springs managed approximately \$559,186,500 in Regulatory Assets Under Management (“**RAUM**”) on a discretionary basis.

#### **Item 5: Fees and Compensation**

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The fees applicable to the Funds are set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below.

##### ***Management Fee***

Good Springs is paid a management fee (“**Management Fee**”) per annum based on the aggregate capital commitments of the Funds. Generally, this fee is payable quarterly and equal to 2.0% of the Funds’ capital commitments or invested capital.

Good Springs may elect to waive, calculate differently or reduce Management Fees with respect to certain investors in its sole discretion, both voluntarily and as a result of negotiations with such investors. Thus, Management Fees could potentially vary among investors in the same Fund.

##### ***Performance Fee***

In addition, the Firm will receive a performance fee as described in Item 6.

##### ***Other Types of Fees or Expenses***

Good Springs is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all of their own ordinary

administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, personnel of the Firm.

The Funds bear all other expenses, which include, without limitation, the following expenses incurred by or allocable to the Funds: (a) organizational and offering expenses; (b) expenses associated with all investments and transactions considered, evaluated and/or consummated by the Funds, including, without limitation, those expenses incurred before the initial closing of the Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, third-party research, data, analytics, modeling, structuring, pricing, execution and other third-party information systems, software and service fees (including, without limitation, the expenses with respect to data feeds, subscriptions, expert networks, political intelligence providers, and reports); (c) research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals; (d) the Funds' pro rata share of the Firm's order management system, portfolio management system and any other software used for accounting and/or monitoring of the portfolio; (e) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith; (f) travel and related expenses associated with investments and potential investments; (g) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal, and other advisory fees and expenses; (h) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments; (i) expenses associated with legal and regulatory filings of the Funds (including, without limitation, pursuant to Section 13 and 16 of the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**")) and the Funds' pro rata portion of the expenses associated with preparation of the Firm's Form 13F, Form 13H and Form PF, and any other similar filing in any other U.S. or non-U.S. jurisdiction; (j) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the Funds' administrator; (k) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization and all extraordinary expenses; (l) broken-deal, failed transaction, break-up and similar fees, costs and expenses, if any; (m) costs and expenses of leverage or any other borrowings of the Funds, including, without limitation, interest charges and fees; (n) expenses incurred in the collection of monies owed to the Funds, as applicable; (o) auditing and accounting expenses of the Funds, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor; (p) any entity level taxes, fees or other governmental charges on the Funds, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular Investor; (q) costs and expenses associated with investor communications and reports and the delivery thereof to investors; (r) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; (s) costs and expenses associated with meetings of the Investors; (t) insurance expenses; including, without limitation, directors' and officers' liability insurance, general partner liability insurance, errors and omissions insurance and other policies, if any; costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company, or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (v) wind-up, liquidation, termination

and dissolution expenses; (w) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses; (x) costs related to any transfers of interests in the Funds, unless otherwise charged to or borne by the applicable transferor and/or transferee; (y) expenses incurred in connection with the preparation of any amendment to the Funds' governing documents and/or Offering Documents; (z) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation or similar proceeding by the Funds; (aa) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); (bb) the Management Fee; and (cc) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds.

In general, each Investor will bear its proportionate share of the Funds' expenses on a pro rata basis with respect to the size of such Investor's capital account(s) or with respect to the relative net asset value of the shares held by such Investor, as applicable.

Notwithstanding the foregoing, the Funds General Partner and/or the Firm, as applicable, may specially allocate the expenses described herein in any other manner, including by allocating certain expenses to certain (but not all) Investors, if the Funds General Partner and/or the Firm, as applicable, reasonably determines, in its discretion, that it is more equitable to do so.

To the extent that expenses to be borne by the Funds are paid by the Firm or its affiliates, the Funds will reimburse the Firm or its affiliates for such expenses. We may waive any such reimbursement with respect to any Fund expenses. Any waiver by us for reimbursement of any Fund expenses shall not serve as a waiver of reimbursement for any future Fund expenses to be paid by us or our affiliates.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

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### ***Performance-Based Compensation***

The Firm will receive performance-based compensation (e.g. carried interest) in connection with the performance of the Funds' investment, the specific terms of which (including the priorities of distributions, preferred return rate (if any) and profit sharing) are set forth in the Offering Documents of the Funds. The Firm or its affiliated General Partner will receive a carried interest distribution equal to 20.0% of the Funds' profits in excess of an 8.0% compound preferred return. The carried interest distributed to the General Partner is subject to a potential clawback at the end of the Funds' life if such General Partner has received excess cumulative distributions.

The receipt of such performance-based compensation from the Funds may give rise to the following potential conflicts of interest, including, but not limited to, the following:

### ***Speculative Investments***

Performance-based compensation may create an incentive for the Firm or its affiliates to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect.

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

Performance-based compensation may create an incentive for the Firm to offer investment opportunities to, or to allocate or sequence deals in favor of a particular Fund from which we could receive greater performance compensation as compared to other Funds managed by the Firm. Good Springs has adopted Allocation Policies to mitigate potential conflicts of interest relating to the allocation of available investment opportunities among the Funds managed by the Firm.

### ***Valuation***

The existence of performance-based compensation and varying levels and calculations of Management Fees may create a conflict of interest in valuing investments and there will be situations in which the Firm is incentivized to influence or adjust the valuation of Fund assets (“Assets”). Good Springs has adopted valuation policies to address these potential conflicts.

### **Item 7: Types of Clients**

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Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, endowments, high net-worth individuals, financially sophisticated individuals, institutions, pension plans, sovereign nations and sovereign wealth funds, and other sophisticated investors.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to the Funds, and investment strategies pursued and investments made by us on behalf of our Funds, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Funds’ investment objectives and guidelines as set forth in the Offering Documents. The investment strategies we pursue are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

### ***Investment Objective***

The Funds’ investment objective is to achieve long-term capital appreciation by making primarily control equity investments in U.S.-headquartered middle-market companies and implementing Good Springs’ six-factor business growth system, which we believe improves portfolio company earnings power and competitive positioning. The Funds focus on founder and entrepreneur-led companies in the industrial and services sectors.

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment in the Funds entails a significant degree of risk, and, therefore, should be undertaken only by investors capable of evaluating the risks of the Funds and bearing the risks that it represents. Prospective purchasers of limited partner interests in the Funds (“Interests”) should carefully consider the following factors in connection with a purchase of Interests. The following list is not a

complete list of all risks involved in connection with an investment in the Funds and additional risks and uncertainties relating to the Funds may exist of which Good Springs, the General Partner and/or their respective affiliates are not currently aware. The Funds are not suitable as the sole investment of an investor. There can be no assurance that the Funds will be able to achieve their investment objective, generate returns for Limited Partners that are commensurate with the risks involved or avoid losses, or that a Limited Partner will receive a return of its capital. Therefore, a prospective investor should invest in the Funds only as part of a broader overall investment strategy, and only if the prospective investor is able to withstand a total loss of its investment.

The Funds' investment portfolios are expected to consist primarily of securities and/or other interests issued by privately held companies, and operating results in a specified period will be difficult to predict. An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with Good Springs.

#### *Future and Past Performance*

The Funds are newly organized entities that have no prior operating history or track record. Accordingly, the Funds do not have performance history for a prospective investor to consider. The performance of the Good Springs team's prior investments is not necessarily indicative of the Funds' future results. Such investments (at least in part) have been made by entities pursuing investments of different sizes, at different stages of the economic cycle. The risks associated with the Funds' investments may differ substantially from those investments and strategies undertaken historically on behalf of such other entities, and accordingly, the performance and other characteristics of such other entities may not be comparable to those of the Funds. While the General Partner intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. Among other factors, the past performance of individual portfolio investments does not reflect the Management Fees, carried interest, taxes, transaction costs and other expenses to be borne by the Limited Partners, which in the aggregate are expected to be significant. On any given investment, loss of principal is possible.

#### *Concentration of Investments*

The Funds anticipate participating in a limited number of investments. As a result, the Funds' investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified. Since all of the Funds' investments cannot reasonably be expected to perform well or even return capital, for the Funds to achieve above-average returns one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, Limited Partners have no assurance as to the degree of diversification of the Funds' portfolio investments, either by geographic region, asset type or domain. To the extent the Funds concentrate investments in a particular issuer, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Furthermore, if the Funds co-invests with other private equity funds, a Limited Partner may have exposure to portfolio investments through more than one fund. In circumstances where the General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed,



which could lead to increased risk as a result of the Funds having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

#### *Concentration of Investments in Certain Sectors*

While the Funds have the ability to invest in all sectors, the Funds may only invest in a small number of sectors given the size of the Funds and the availability of investments in the market at a given time. Concentration in certain industries may involve risks greater than those generally associated with broadly diversified acquisition funds, including significant fluctuations in returns based on market perception of the selected industries. Instability, fluctuation or an overall decline within certain industries will likely not be balanced by investments in other industries not so affected. The Funds' portfolio companies will compete in this volatile environment. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. Instability, fluctuation or an overall decline within certain industries will likely not be balanced by investments in other industries not so affected. In the event that one or more of such sectors as a whole declines, returns to Limited Partners may decrease.

#### *Proprietary Rights*

Many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that the Funds or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies. Furthermore, portfolio companies may be forced to spend significant time and expense on litigation related to defending such proprietary rights. While piracy adversely affects portfolio company revenue, the impact on revenue from outside the United States is significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for intellectual property rights could adversely affect portfolio companies.

#### *Lack of Sufficient Investment Opportunities*

The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk and more personnel than the General Partner, the Funds and their affiliates. Good Springs expects that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which portfolio investments can be made. Participating in auctions will also increase the pressure on the Funds with respect to pricing of a transaction. For example, given the increasingly more competitive environment, it has become more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund or the ability to

terminate the transaction if there has been a material adverse change in the company's business prior to closing of the investment. In addition, competitors for investment opportunities might be willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund-level guarantees. In the event a financing-related closing condition is not available to the Funds or if the Funds is required to provide a reverse break-up fee or guarantee in connection with a potential investment, the Funds may become obligated to consummate a transaction on less favorable terms or may be required to fund, including with respect to amounts incurred prior to the initial closing date, the reverse break-up or similar fee in connection with a potential investment that is not made.

#### *Unspecified Investments*

The Funds will begin operations upon closing and, except as provided for herein, has not identified any specific investments. A purchaser of an interest in the Funds must rely upon the ability of the General Partner and the Firm to identify, structure and implement portfolio investments consistent with the Funds' investment objectives and policies. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that the General Partner and the Firm will be able to locate, or the Funds will be able to complete, portfolio investments that satisfy the Funds' rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Funds will be able to fully invest its committed capital. However, Limited Partners generally will be required to pay Management Fees during the Investment Period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Offering Documents.

#### *Illiquidity; Lack of Current Distributions*

An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Investment in the Funds require a long-term commitment with no inherent likelihood of return. There most likely will be little or no near-term cash flow available to the Limited Partners. Many of the portfolio investments will be highly illiquid and there can be no assurance that the Funds will be able to realize returns on such portfolio investments in a timely manner. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to the Limited Partners. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The Funds' ability to dispose of investments may be limited for several reasons. While a portfolio investment may be sold at any time, it is not generally expected that this will occur for a number of years after the portfolio investment in a portfolio company is made. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Funds hold freely tradable publicly traded securities, the Funds' position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Funds wish to dispose of or reduce its position in such company by selling shares into the market. In addition, there can be no assurance that the Funds will have sufficient cash flow to permit it to make annual distributions in the amounts necessary for the Limited Partners to pay all tax liabilities resulting from the Limited Partners' ownership of limited partnership interests.

### *Leveraged Investments*

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

### *Limited Transferability of Interests in the Funds*

There will be no public market for interests in the Funds and none is expected to develop. Each Limited Partner will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its interest for investment purposes and not with a view to resale or distribution. Further, each Limited Partner must represent that it will only sell or transfer its interest with prior written consent from the General Partner to a qualified investor under applicable securities laws and in a manner permitted by the Offering Documents and consistent with those laws. Voluntary withdrawals from the Funds will not be permitted. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of the Funds' term and must be prepared to bear the risks of an investment in the Funds for an extended period of time.

### *Restricted Nature of Investment Positions*

Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Although, under normal circumstances, prior to the termination of the Funds, the Funds intend to make distributions in cash or marketable securities, it is possible that under certain circumstances (including the winding-up of the Funds), distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in-kind. It may be difficult to liquidate marketable securities received at a price or within a time period that is determined to be ideal by such Limited Partners. After a distribution of such securities is made to the Partners, many Partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Partners may be lower than the value of such securities determined pursuant to the Offering Documents, including the value used to determine the amount of carried interest available to the General Partner with respect to such investment.

### *Third-Party Involvement*

The Funds may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring less than 100% of the ownership interests in certain investments. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Funds and such co-venturers may reach an impasse on a major decision that requires the approval of multiple parties; (ii) the co-venturers or partners may at any time have economic or business interests or goals that are inconsistent with those of the Funds; (iii) the co-venturers or partners may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturers or partners may be in a position to take action contrary to the Funds' investment objective; (v) the co-venturers or partners may take actions that subject the investment to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Funds may be liable for actions of its co-venturers or partners. The co-venturers or partners may be a joint venture partner or interest holder in another joint venture or other vehicle in which the Funds or its affiliates has an interest or otherwise controls. The co-venturers or partners may also be entitled to receive payments from, or allocations or performance-based compensation (e.g., carried interest) in respect of, the Funds as well as such investments, and in such circumstances, any such amounts may be treated as a Funds expense and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by the General Partner, be deemed paid to or received by the General Partner or reduce the Management Fee. Moreover, the Management Company may receive fees associated with capital invested by a co-venturer or partner relating to investments in which the Funds participate. This may be in connection with a joint venture in which the Funds participates or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Management Company may receive fees associated with capital invested by a co-venturer or partner relating to investments in which the Funds participate. This may be in connection with a joint venture in which the Funds participate or other similar arrangements with respect to assets or other interests retained by a seller or other commercial counterparty with respect to which the Management Company performs services. In addition, the Funds may co-invest with non-affiliated co-investors or partners whose ability to influence the affairs of the companies in which the Funds invest may be significant, and even greater than that of the Funds and as such, the Funds may be required to rely upon the abilities and management expertise of a co-venturer or partner. It may also be more difficult for the Funds to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments (and any such investment may be subject to a buy sell right). The Funds may grant co-venturers or partners joint approval rights with respect to major decisions

concerning the management and disposition of the investment, which would increase the risk of deadlocks or unanticipated exits from an investment. A deadlock could delay the execution of the business plan for the investment or require the Funds to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or require alternative dispute resolution in order to resolve such deadlock. As a result of these risks, the Funds may be unable to fully realize its expected return on any such investment. Furthermore, to the extent that the Funds offers any co- investment opportunity to any Limited Partners or third parties, some or all of the risks described above may also apply to such co-investments.

#### *Co-Investments*

The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-investor may at any time have financial difficulties, resulting in a negative impact on such investment, have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third-party co-investor or partner. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements. There can be no assurance that the Funds' return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. Co- investors generally will not share in broken-deal expenses, and such expenses attributable to co-investments will be borne by the Funds.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. When and to the extent that employees and related persons of the General Partner make capital investments in or alongside the Funds, the General Partner is subject to conflicting interests in connection with these investments. Co-investment opportunities typically will be offered to some and not to other Limited Partners, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of Good Springs and its affiliates make capital investments in or alongside the Funds, Good Springs and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that another Good Springs funds' return from a transaction would be equal to and not less than the Funds participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

#### *Need for Follow-On Investments*

Following its initial investment in a given portfolio company, the Funds may decide to provide additional funds to such portfolio company and/or its subsidiaries or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments or that the Funds will otherwise be permitted to make follow-on investments in light of size-related investment limitations set forth in the Offering Documents. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Funds to increase its participation in a successful operation.

Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase its participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company if a third party invests in such portfolio company. In addition, certain of the Funds' portfolio investments, particularly those in "platform" phase, may need additional capital to sustain their working capital needs and/or acquisition strategies. The amount of such additional capital needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the capital provided by the Funds is not sufficient, or if the Funds is unable to provide additional capital, a portfolio company may have to raise further capital at a price unfavorable to existing investors, including the Funds. To the extent a portfolio company in which the Funds invested receives additional funding in subsequent financings and the Funds do not participate in such additional financing rounds, the interests of the Funds in such portfolio company would be diluted.

#### *Product Liability Claims; Product Recall*

The sale of certain products of portfolio companies involves the risk of product liability claims and voluntary or government-ordered product recalls. For example, certain of the products that the portfolio companies manufacture could be used in and around other chemical manufacturing facilities, highways, airports and other locations where personal injury or property damage may occur or could be used in certain consumer goods such as beverages, personal care products and medicinal applications. While portfolio companies attempt to protect themselves from product liability claims and exposures through adherence to standards and specifications and through contractual negotiations, there can be no assurance that such efforts will ultimately protect the portfolio companies from any such claims. A product liability claim or voluntary or government-ordered product recall could result in substantial and unexpected expenditures, affect consumer or customer confidence in the portfolio company's products and divert management's attention from other responsibilities. A product recall or successful product liability claim or series of claims against a portfolio company in excess of its insurance coverage and for which it is not otherwise indemnified could have a material adverse effect on its business, financial condition, results of operations or cash flows.

#### *Risk of Litigation*

It is difficult to predict with certainty the cost of defense, of prosecution or of the ultimate outcome of litigation and other proceedings filed by or against portfolio companies in the healthcare, consumer, specialty industrials and business sectors, including penalties or other civil or criminal sanctions, or remedies or damage awards, and adverse results in any litigation and other proceedings may materially harm the Funds' portfolio companies. Litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, international trade, commercial arrangements, product liability, environmental, health and safety, joint venture agreements, labor and employment or other harms resulting from the actions of individuals or entities outside of the General Partner's control. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in a portfolio company's business and injunctions prohibiting its use of business processes or technology that are subject to third-party patents or other third-party intellectual property rights. Litigation based on environmental matters or exposure to hazardous substances in the workplace or from a portfolio company's products could result in significant liability for such portfolio company, which would have an adverse effect on the Funds' financial condition, cash flows and profitability.

### *Unfunded Pension Liabilities of Portfolio Companies*

A recent court decision found that, in certain circumstances, a fund could be treated as a “trade or business” for purposes of determining pension liability under ERISA. Therefore, where an investment fund owns 80% or more (or possibly, under certain circumstances, less than 80%) of a portfolio company, such fund (and any other 80%- owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. The Funds may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Funds may own an 80% or greater interest in such a portfolio company. If the Funds (or other 80%-owned portfolio companies of the Funds) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Funds and the companies in which the Funds invest.

### *Alternative Investment Fund Managers Directive*

The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“**EEA**”).

To the extent the Funds are actively marketed to investors domiciled or having their registered office in the EEA: (a) the Funds, the General Partner and/or the Firm will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Funds incurring additional costs and expenses; (b) the Funds, the General Partner and/or the Firm may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Funds incurring additional costs and expenses or may otherwise affect the management and operation of the Funds; (c) the General Partner and/or the Firm will be required to make detailed information relating to the Funds and its investments available to regulators and third parties; and (d) the AIFMD will also restrict certain activities of the Funds in relation to EEA portfolio companies, including, in some circumstances, the Funds’ ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Funds generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Funds to raise its targeted amount of Commitments.

### *Benchmark Rates*

Many financial instruments use or may use a floating rate based on the London Interbank Offered Rate, or “**LIBOR**,” which is the offered rate for short-term Eurodollar deposits between major international banks. On July 27, 2017, the U.K. Financial Conduct Authority announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Sterling, Euro, Swiss Franc and Japanese Yen LIBOR panels, as well as panels for 1-week and 2-month U.S. dollar LIBOR, ceased at the end of 2021, with the remaining U.S. dollar LIBOR panels expected to cease at the end of June 2023. There remains uncertainty regarding the future utilization of LIBOR and the nature of any replacement rate. The discontinuation of LIBOR could have a significant impact on the financial markets and may present a risk for certain market participants, including public companies, investment advisers, investment companies and broker-dealers. The risks associated with this discontinuation and transition will be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. Transition away from LIBOR as a benchmark reference for interest rates may (i) affect the cost of capital, (ii) require amending or restructuring debt instruments and related hedging arrangements for the Funds and its investments and (iii) impact

the value of LIBOR-linked floating rate securities, loans, derivatives and/or other financial instruments or extensions of credit based on LIBOR that are held or may be held by the Funds in the future, which could result in additional costs or adversely affect the Funds' liquidity, results of operations and financial condition. The Funds' investments (or their affiliates) may be borrowers of LIBOR-linked debt obligations, such as LIBOR-based credit agreements and floating rate notes, and may be negatively impacted by any changes to LIBOR and the uncertainty relating thereto. Industry participants continue to consider alternatives to LIBOR. As an alternative to LIBOR, the U.S. Federal Reserve has announced that it endorses replacement of U.S.-dollar LIBOR with the Secured Overnight Financing Rate ("**SOFR**"), a risk-free rate calculated by short-term repurchase agreements, backed by U.S. Treasury securities. Market participants in the syndicated loan market have begun making SOFR-based loans, but it remains unclear whether SOFR will attain market acceptance as replacements for LIBOR. It is not possible to predict all potential effects of these changes on U.S. and global credit markets, the Funds and its investments or the ability of the Funds to obtain favorable financing terms for its investments.

#### *Non-U.S. Investments*

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

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

#### *Bridge Financings*

From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Funds' control, such long-term securities may not be issued 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.

#### *Hedging Arrangements*

The General Partner may (but is not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures using hedging techniques where available and appropriate. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("**OTC**") contexts, including futures, forwards, swaps, options and other instruments. There can be no



assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

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

#### *Investments Longer than Term*

The Funds may make investments which may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that the Funds will be dissolved, either by expiration of the Funds' term or otherwise. Although the General Partner expects that most investments will be disposed of prior to winding up and termination or be suitable for in-kind distribution at the winding up and termination and the General Partner has a limited ability to extend the term of the Funds, the Funds may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of the winding up and termination. Alternatively, the General Partner may propose that one or more of the Funds' portfolio investments be held for longer than the then-current term of the Funds. In addition, although upon the termination of the Funds the General Partner will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Funds as the General Partner shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

#### *Recycling; Reinvestment*

The General Partner has the right to generally recall certain capital returned or distributed to the Limited Partners. Accordingly, during the term of the Funds, a Partner may be required to make capital contributions in excess of its Commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, a Partner will remain subject to investment and other risks associated with such investments.

#### *Reserves*

As is customary in the industry, the General Partner may establish reserves for investments by the Funds, operating expenses of the Funds, Funds' liabilities and other matters. Estimating the appropriate amount of such reserves is difficult. Inadequate or excessive reserves could impair the investment returns to the Limited Partners. If reserves are inadequate, the Funds may be unable to take advantage of attractive investment opportunities or may not be able to pay its liabilities or expenses as they come due. If reserves for liabilities or expenses are excessive, the Funds may decline attractive investment opportunities.

### *Dilution*

Limited Partners admitted to the Funds at subsequent closings generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.

### *Public Company Holdings*

The Funds' investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times, increased risk of regulatory action by the SEC, increased likelihood of shareholder litigation against such companies' board members, including members of Good Springs, and increased costs associated with each of the aforementioned risks.

### *Inflation Risk*

Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on the economies and financial markets, particularly in emerging economies, but also in more developed economies, which are experiencing inflation in certain markets. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Funds' returns.

If a portfolio company is unable to increase its revenue in times of higher inflation, its profitability might be adversely affected. portfolio companies could in some cases have long-term rights to income linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangements. Typically, as inflation rises, a portfolio company will earn more revenue but also will incur higher expenses; as inflation declines, a portfolio company might be unable to reduce expenses in line with any resulting reduction in revenue. A rise in real interest rates would likely result in higher financing costs for portfolio companies and could therefore result in a reduction in the amount of cash available for distribution to Limited Partners.

### *Market Conditions*

The private equity industry generally and the success of the Funds' investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. A renewed downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively exit its portfolio investment on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to turmoil in the markets (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to raise funding to support its investment objectives.

#### *Valuation of Assets*

Generally, the General Partner will determine the value of all of the Funds' investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of the Funds' investments because, among other things, the securities of portfolio companies held by the Funds generally will be illiquid and not quoted on any exchange. The General Partner will determine the value of all the Funds' investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the General Partner with respect to an investment will represent the value realized by the Funds on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by the General Partner may cause it to ineffectively manage the Funds' investment portfolio and risks, and may also affect the composition and management of the Funds' portfolio of investments. The exercise of discretion in valuation by the General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

#### **Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

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### **Code of Ethics**

Good Springs has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees may maintain personal brokerage accounts for the purpose of trading “**Reportable Securities**” (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives). Employees may trade in Reportable Securities freely, without receiving pre-approval from the CCO. Employees are prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List without obtaining pre-approval from the CCO. Employees may not engage in Initial Public Offerings (“**IPOs**”) without obtaining pre-approval from the CCO.

Employees must also obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

## **Item 12: Brokerage Practices**

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Although the Funds generally purchase securities in privately negotiated transactions, the Firm from time to time may recommend that a Fund purchase publicly traded securities and use various brokers and dealers to execute, settle and clear securities transactions. In the limited circumstances where a Fund purchases or holds public securities, Good Springs is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm's authority is limited by its own internal policies and procedures and each Funds' investment guidelines.

### ***Best Execution***

In selecting an appropriate broker-dealer to affect a client trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

### **Item 13: Review of Accounts**

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The Firm and our investment professionals continuously monitor and analyze the Funds' investments to ensure that they conform with the investment objectives and guidelines that are stated in the Funds' Offering Documents. In these reviews, the Firm pays particular attention to any changes in the factors impacting the Funds' investments and their valuations. The Firm assists in preparing quarterly and annual written reports regarding the Funds' activities, including quarterly and annual financial statements. In addition, the Firm issues investors audited financial statements concerning their respective Funds generally within 120 days of the end of the Funds' fiscal year.

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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

### **Item 15: Custody**

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We comply with Rule 206(4)-4 of the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision. Annually, upon completion of the Funds' annual audit, we will distribute the audited financials to Investors within 120 days of the Funds' fiscal year end.

### **Item 16: Investment Discretion**

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We have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

### **Item 17: Voting Client Securities**

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In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Funds' best interests and is in line with the Funds' investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Due to our investment strategy, these actions are expected to be limited in nature.

Generally, Investors may not direct our vote in a particular solicitation.

Investors and prospective investors may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

#### **Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to the Funds and have not been the subject of a bankruptcy petition at any time during the past ten years.