

# FLEXSTONE PARTNERS, LLC

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New York, NY 10017

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This brochure provides information about the qualifications and business practices of Flexstone Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 703-0300 or send us an email at [compliance@flexstonepartners.com](mailto:compliance@flexstonepartners.com).

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.

Flexstone Partners, LLC ("Flexstone") is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. This brochure is not to be construed as an offer to sell or the solicitation of an offer to buy any securities or any product of the types described herein. The provision of this material does not constitute investment advice or a recommendation of any security or an offer of services. Additional information about Flexstone is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2.      Material Changes**

Since the last annual update of our brochure on March 29<sup>th</sup>, 2023, there have been no material changes to this brochure.

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### **Item 3. Table of Contents**

<b>Item 2.</b>	<b>Material Changes .....</b>	<b>2</b>
<b>Item 3.</b>	<b>Table of Contents .....</b>	<b>3</b>
<b>Item 4.</b>	<b>Advisory Business .....</b>	<b>4</b>
<b>Item 5.</b>	<b>Fees and Compensation.....</b>	<b>5</b>
<b>Item 6.</b>	<b>Performance-Based Fees and Side-By-Side Management .....</b>	<b>6</b>
<b>Item 7.</b>	<b>Types of Clients .....</b>	<b>7</b>
<b>Item 8.</b>	<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>7</b>
<b>Item 9.</b>	<b>Disciplinary Information .....</b>	<b>16</b>
<b>Item 10.</b>	<b>Other Financial Industry Activities and Affiliations .....</b>	<b>17</b>
<b>Item 11.</b>	<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .</b>	<b>18</b>
<b>Item 12.</b>	<b>Brokerage Practices .....</b>	<b>21</b>
<b>Item 13.</b>	<b>Review of Accounts .....</b>	<b>21</b>
<b>Item 14.</b>	<b>Client Referrals and Other Compensation .....</b>	<b>22</b>
<b>Item 15.</b>	<b>Custody .....</b>	<b>22</b>
<b>Item 16.</b>	<b>Investment Discretion.....</b>	<b>22</b>
<b>Item 17.</b>	<b>Voting Client Securities .....</b>	<b>23</b>
<b>Item 18.</b>	<b>Financial Information .....</b>	<b>23</b>
<b>Item 19.</b>	<b>Requirements for State-Registered Advisers .....</b>	<b>23</b>

#### **Item 4.      Advisory Business**

Flexstone Partners, LLC (“Flexstone”, or the “Adviser”, or “FP”), is a Delaware limited liability company and wholly owned subsidiary of Paris-based Flexstone Partners SAS (“SAS”). Flexstone Partners is the name that collectively identifies SAS and its underlying companies, including FP, Geneva-based affiliate Flexstone Partners Sàrl (“SARL”) and Singapore-based affiliate Flexstone Partners Pte. Ltd (“PTE”).

FP, SAS, SARL and (“PTE”) together constitute Flexstone Partners, a cohesive global team designed to support the distinct needs of its clients worldwide. FP SAS is authorized and regulated by the Autorité des Marchés Financiers (“AMF”) in France; SARL is registered in Switzerland as an Independent asset manager with the Commission de Haute Surveillance de la Prévoyance Professionnelle (“CHS PP”), regulated under Swiss Federal Act on Collective Investment Schemes and as Distributor with the Swiss Financial Market Supervisory Authority (“FINMA”) and PTE is a Singapore Limited Liability Company regulated by the Monetary Authority of Singapore (“MAS”).

Flexstone is an indirect subsidiary of Natixis Investment Managers (“Natixis IM”), an international asset management group based in Paris, France, that is part of the Global Financial Services division of Groupe BPCE. Natixis IM is wholly owned by Natixis, a French investment banking and financial services firm. Natixis is wholly owned by BPCE, France’s second largest banking group.

Flexstone provides investment advisory services to pooled investment vehicles (“Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), the interests of which are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

Flexstone is a fund of funds asset manager and specializes in small and middle market private equity markets predominantly in North America. Flexstone provides these services to primary and co-investment fund vehicles. Flexstone also manages private equity and real estate assets on a non-discretionary basis, and in some case with a sub delegation to a third party. The Adviser also provides advisory services under a sub-advisory agreement with SAS.

The services Flexstone provides may be tailored to meet the needs of each respective client and any investment guidelines or restrictions agreed to between Flexstone and its clients are set forth in, as applicable, the private placement memoranda, limited partnership agreements and/or side letters and operating agreements.

In some instances, an affiliate of Flexstone will serve as the general partner (“GP”) of a fund. The GP is a related person to the adviser and is under common control and therefore its personnel are subject to the same oversight as Flexstone employees under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and Flexstone’s compliance policies and procedures.

Flexstone does not participate in wrap fee programs.

As of December 31, 2023 Flexstone managed \$1,643,058,897 of client assets on a discretionary basis and \$3,708,335,594 of client assets on a non-discretionary basis.

## **Item 5. Fees and Compensation**

The specific manner in which Flexstone charges fees for a Fund is established in the Governing Documents for such Fund. Flexstone generally charges a management fee quarterly in advance for each of the Funds, which is calculated based on committed assets or invested assets, as applicable. Management fees range from 0.225% to 2% per annum for the Funds.

In respect of the assets sub-advised by Flexstone, The Adviser charges SAS an annual fee, calculated and paid quarterly in arrears, based on the most recently completed quarter end's NAV, equal to 100% of the compensation SAS received (approximately 0.6% of the NAV of such assets with respect to which Flexstone would be providing services). Flexstone may agree at any time to reduce or waive advisory fees or establish a different advisory fee rate or calculation with respect to any series or one or more investors of any Fund. See Item 6 "Performance-Based Fees" below regarding "Carried Interest" applicable to certain Flexstone Funds. The Funds may also pay other types of fees and bear additional expenses in connection with The Adviser's services as described below.

### **Fund Expenses**

All expenses attributable to the organization of the Funds and the sale of interests to the LPs of each Fund (the "Organizational Expenses") will be borne by the Funds (subject to certain caps as provided in the applicable partnership agreement, offering memoranda or other organization documents of each Fund, collectively, the "Fund Documents"). The GP and/or The Adviser may incur and pay all reasonable expenses on behalf of the Funds in connection with the Funds' business which it deems necessary or desirable, and may charge or be reimbursed by the Funds therefore, including, without limitation, due diligence expenses related to potential investment opportunities, accounting, reporting, tax preparation, audit, record keeping and legal expenses, commissions, brokerage fees and similar charges incurred in connection with the purchase and sale of portfolio investments of the Funds (whether or not such purchase or sale is consummated), finder's fees, custodial fees, fees of the administrator and other normal fees and expenses associated with the operation of the Funds (collectively, the "Operating Expenses"). In all cases, each Fund will bear its own Operating Expenses and the Funds will bear any extraordinary, non-recurring and other expenses of the Funds, including without limitation costs of litigation and indemnification and taxes. Expenses and liabilities incurred in connection with an investment opportunity or potential investment opportunity, including without limitation due diligence and indemnity expenses or expenses related to hedging arrangements, will be allocated among the Funds pro rata according to the amount invested by each in such investment opportunity or, in the case of an unconsummated portfolio investment, pro rata according to the amount that would have been allocated to each Fund that would have participated in such opportunity, as determined by the GP in its sole discretion. In all cases, the GP shall have the power to approve variations in the allocation with respect to the Funds if it determines that the allocation would not produce an inappropriate result.

### **Brokerage and Other Transaction Costs**

Additionally, the Funds will bear the costs of brokerage commissions, transaction fees, and other related costs and expenses (including, director's fees, consulting fees, commitment fees, break-up fees, and other similar expenses) which shall be incurred by a Fund, provided that certain director's fees, consulting fees,

commitment fees and break-up fees, and other similar expenses may be offset against management fees charged as negotiated and set forth in the applicable Fund Documents. In respect to certain funds, 100% of directors' fees, consulting fees and portfolio investment advisory board or investment committee member fees (in each case net of expenses) received by members, managers, partners and employees of a Fund's general partner and its affiliates (in their capacity as such) and commitment fees and break-up fees payable in respect to a Fund's investments, will reduce the Management Fee. The Funds may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers of any underlying pooled investment vehicles in which the Funds may invest, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Liquid assets, including capital committed to portfolio funds but not yet called, may be invested in money market funds. If a Fund utilizes money market funds as sweep vehicles, investors in such Fund will indirectly pay a fee in addition to the fees such investors pay to FP, except as may be set forth in individual Fund Documentation. Such charges, fees and commissions are in addition to FP's fees. Additionally, in connection with certain Funds' investments in other pooled investment vehicles, the Funds may pay management fees and carried interest in respect of those investments. There is often no limitation on the ability of underlying funds of funds managed by FP to invest in funds affiliated with FP or its affiliates. FP or its affiliates may receive fees, including asset based or performance-based fees or allocations, related to its management of funds or companies managed or sponsored by FP or its affiliates. Except as otherwise provided in a Fund's Fund Documents, FP generally will offset the fees or allocations received for their management of the funds managed or sponsored by FP, against the management fees and carried interest it receives from the Funds.

Flexstone and its supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

With respect to the Funds, a portion of the profits of each Fund is allocated to the capital account of its general partner, as "carried interest" (the "Carried Interest"). The Adviser will structure any Carried Interest arrangement subject to Section 205(a)(1) Advisers Act. in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of Carried Interest, Flexstone's funds typically only charge performance-based allocations based on realized distributable amounts. Performance based fee/allocation arrangements may create an incentive for The Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. The Adviser has procedures in place, designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients. See Item 11 (below): Code of Ethics, Participation or Interest in Client Transactions and Personal Trading. In addition, certain Fund Documents provide for limitations on the creation of new funds and the allocation of investments. As stated above, fees may be reduced or waived in FP's sole discretion and are typically waived in full for employees of The Adviser and certain related vehicles.

## **Item 7.       Types of Clients**

Flexstone's clients are generally pooled investment vehicles. Flexstone has also established and may establish feeder funds to accommodate foreign investors. None of the offering of interests in the Funds are registered under the Securities Act, and none of the Funds are registered under the Investment Company Act pursuant to exemptions from registration provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Funds generally offer interests on a private placement basis, to investors that are "accredited investors" and "qualified purchasers", as applicable. Accordingly, a prerequisite for investment, in addition to compliance with other requirements, is that each prospective investor represents and warrants as to its status as an "accredited investor" and a "qualified purchaser," as applicable. The Adviser may decline to accept applications for subscription for any of its Funds for any reason, including from any person that is a senior foreign political figure, or an immediate family member or close associate of a senior foreign political figure. Flexstone will not accept accounts from any prospective investor or client that appears on a list of known or suspected terrorists or terrorist organizations compiled by any U.S. or foreign governmental agency.

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

### **Methods of Analysis**

Procedures for investment decisions, including due diligence, are completed prior to investment (described in relevant Fund Documents).

Initial due diligence considerations may include:

- Identification of prospective investments (for non-discretionary clients).
- Assessment of an underlying fund manager's personnel, operations, controls, policies, and procedures.
- Detailed financial and business diligence of a target company/fund.
- Reviewing diligence from third party service providers.
- Screening individuals and entities against sanctions lists.
- Evaluation of ESG factors (see ESG Matters in Item 9 below).
- Reference calls with industry experts.
- Face to face meetings.
- Evaluation of third-party providers and underlying fund/company auditors.

Ongoing valuation and monitoring considerations may include:

- Review of audited financial statements and interim financial information of underlying funds/companies.
- Professional guidelines - valuation methodologies; and
- Procedures followed to value underlying fund of funds investments and to value direct investments.

## **Investment Strategies**

In respect of its management of discretionary Funds, Flexstone generally focuses on making investments in North American private equity fund of funds and real estate, or making minority co-investments, directly or indirectly through syndicates, in operating companies.

In achieving their investment objectives, the Funds may invest in funds specializing in buyouts, special situation or distressed opportunities and may make growth or secondary investments.

## **Risks**

There can be no assurance that a Fund will achieve its investment objective. Investing in any security involves risk of loss that investors should be prepared to bear. These material risks include, but are not limited to, those summarized below, which summaries are qualified in their entirety by the Governing Documents of the applicable Fund.

***Sponsor Commitment.*** Certain affiliates of The Adviser (the “Sponsors”) have made seed investor commitments to certain of the Funds and have been admitted as LPs. When additional LPs are admitted at the initial closing or subsequent closings, the Sponsors may redeem or cancel a portion of the seed investor commitment in certain circumstances. In the event that the seed investor commitment to a Fund is redeemed or cancelled, amounts paid to the applicable fund by additional LPs shall first be paid to the Sponsor to redeem or cancel the relevant portion of the seed investor commitment and interest due thereon, prior to returning any amounts otherwise due to existing LPs as described in the applicable governing agreements.

***Partial or Total Loss of the Funds’ Capital.*** The Funds are intended for long-term investors who can accept the risks associated with investing in illiquid securities. There is no assurance that any Fund will achieve its investment or performance objectives, including, without limitation, the location of suitable investment opportunities and the achievement of targeted rates of return, or that such Fund will be able to fully invest its committed capital. The possibility of partial or total loss of capital of a Fund exists, and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.

***Illiquidity of the Funds’ Investments.*** The Funds’ investments generally will be long-term and highly illiquid. Their ability to transfer interests in underlying funds or portfolio companies will be restricted under applicable securities laws and by the terms of the instruments governing both the underlying funds and the portfolio companies in which the Funds invest. As a result, the Funds will not have control over when they will have assets to distribute.

***LPs Bear the Cost of All Fees, Expenses and Carried Interest of Underlying Funds.*** LPs in each Fund will bear, directly or indirectly, any management fees, carried interest charges and expenses attributable to that Fund or any direct investments of that Fund. Additionally, LPs in certain Funds will bear, directly or indirectly, the management fees, carried interest charges and expenses of any underlying funds.



***LPs in the Feeder Funds Bear the Cost of All Master Fund Expenses.*** LPs in feeder funds will, in addition to the expenses of the feeder funds in which they invest, bear indirectly the expenses of the respective master funds into which the feeder funds invest.

***Expedited Transactions.*** The Adviser may frequently need to undertake investment analyses and decisions on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time an investment decision is made may be limited and The Adviser may not have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that Flexstone will have knowledge of all circumstances that may adversely affect an investment.

***Forfeiture Due to Failure to Meet a Fund Capital Call and Failure by Other Investors to Meet Capital Calls of Underlying Funds.*** A failure by an LP to meet a capital call could result in the failure of the applicable Fund to meet a capital call of an underlying fund, which could have adverse consequences for that Fund (including without limitation the possibility of forfeiture of the applicable Fund's entire interest in such underlying fund) and thus for that Fund's other LPs. There are also risks associated with the failure of LPs of underlying funds to make capital calls when the Funds are investors in underlying funds. A master fund may be one of many investors in underlying funds. Failure by one or more other investors to meet a capital call of an underlying fund could have adverse consequences for the Funds.

***Use of Leverage by Portfolio Companies and Funds.*** Each Fund, the portfolio companies and the underlying funds in which it invests, as applicable, may incur leverage. Leverage used by portfolio companies may have important adverse consequences to such companies and, in turn, to the Funds as investors. There are also risks associated with the use of leverage by the Funds themselves. To the extent permitted by applicable law, the GP may assign and/or pledge assets of a Fund, including unfunded capital commitments of a Fund's LPs, in order to secure borrowings or other leverage. Failure by any Fund to meet its obligations could have adverse effects, including, but not limited to, the acceleration of repayment obligations. In addition, a Fund may make commitments to underlying funds in excess of its total capital commitments. As a result, in certain circumstances, a Fund may need to retain distributions from portfolio investments, recall distributions or liquidate some or all of its investments prematurely at potentially significant discounts to market value if it does not generate sufficient cash flow from its investments to meet these commitments. Each of the Funds limits borrowing as further described in each Fund's respective documents.

***Exposure to Liabilities Due to Indirect Controlling Interests in Portfolio Companies.*** The Funds and their underlying funds, if applicable (alone or together with other investors) may be deemed to have a control position with respect to portfolio companies in which they invest, which could expose them to liabilities not normally associated with minority equity investments, such as risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability. Additionally, liabilities incurred in connection with the disposition of interests in portfolio companies or underlying funds may cause a Fund to recall LP distributions made.

***Third-Party Involvement.*** Each of the Funds typically will make investments by co-investing with third-party investors through partnerships, joint ventures or other entities (collectively, "joint ventures"). Joint venture investments involve various risks, including the risk that a Fund will not be able to implement investment decisions or exit strategies because of limitations on such Fund's control under applicable

agreements with joint venture partners, the risk that a joint venture partner may become bankrupt or may at any time have economic or business interests or goals that are inconsistent with those of the Fund, the risk that a joint venture partner may be in a position to take action contrary to the Fund's objectives, the risk of liability based upon the actions of a joint venture partner and the risk of disputes or litigation with such partner and the inability to enforce fully all rights (or the incurrence of additional risk in connection with enforcement of rights) one partner may have against the other, including in connection with foreclosure on partner loans because of risks arising under state law. In addition, a Fund may in certain circumstances be liable for actions of its joint venture partners.

***Flexstone Funds' Performance is Dependent on Unrelated Portfolio Managers and Portfolio Companies.*** With respect to certain of the Funds, the underlying funds will be managed by portfolio managers unrelated to Flexstone and may make direct investments sourced by these unrelated portfolio managers. The Adviser expects to rely upon the expertise of such portfolio managers who oversee the underlying funds in connection with their evaluation of proposed investments, and no assurance can be given as to the accuracy or completeness of the information provided by such portfolio managers. Furthermore, the historical performance of portfolio managers is not indicative of their future performance, which can vary considerably. Moreover, while representatives of The Adviser may serve on the advisory boards of certain underlying funds, the Funds generally will not have the opportunity to evaluate the specific investments made by any underlying fund and will not have an active role in the day-to-day management of the underlying funds. As a result, the returns of these Funds will depend largely on the performance of these unrelated portfolio managers and could be substantially adversely affected by the unfavorable performance of these portfolio managers. The performance of an underlying fund may also depend on the services of a limited number of key individuals, the loss of whom could significantly adversely affect the underlying fund's performance. Similarly, although these Funds may seek management rights in portfolio companies in which such Funds invest directly, the Funds will not control these portfolio companies and generally will not have the opportunity to evaluate the specific investments made by any portfolio company. The Funds' ability to independently verify information provided by underlying funds and portfolio companies may be limited.

***Investments in Affiliated Portfolio Investments.*** Although the Funds generally do not invest directly in underlying funds or make direct investments with general partners or sponsors affiliated with Flexstone without the consent of the applicable Fund's advisory board, in instances where a Fund would invest directly or indirectly in funds or companies managed by or affiliated with Flexstone or its affiliates, Flexstone or its affiliates may receive fees, including asset based or performance based fees or allocations, from those funds or companies in addition to the management fees and carried interest it receives from the Funds, if consistent with the Fund Documents of the applicable Flexstone Fund.

***Volatile Political, Market and Economic Conditions.*** Investments in many industries have experienced significant volatility over the last several years, resulting in part in a tightening of the credit markets that could severely hamper the ability of companies to obtain financing. The market for the securities of any portfolio company may not be sufficiently liquid to enable a Fund or an underlying fund to sell these securities when they believe it is most advantageous to do so, or without adversely affecting the stock price, potentially closing off one kind of exit strategy. Continued volatility in the financial sector may materially adversely affect the ability of the Funds or their underlying funds to purchase, sell or partially dispose of their investments. In addition, continued volatility in political, market or economic conditions, including an

outbreak or escalation of major hostilities, declarations of war, terrorist actions or other substantial national or international calamities or emergencies, could have a material adverse effect upon certain of the Funds, underlying funds and their portfolio companies, as well as minority/co-investments made by the Funds.

***Competitive Investment Environment, Difficulty in Identifying Attractive Investment Opportunities and Negotiating Investment Terms.*** The market for investments in private equity is highly competitive, and successfully sourcing portfolio investments can be problematic given the high level of investor demand some investment opportunities receive. Identifying attractive investment opportunities and the right portfolio managers of underlying funds is difficult and involves a high degree of uncertainty. There is no assurance that any Funds will be able to fully invest its committed capital or that suitable investment opportunities will be identified, and the performance of a master fund may be adversely affected if it is unable to identify an appropriate volume of investment opportunities. This difficulty in identifying and gaining access to attractive investment opportunities also applies to the portfolio managers of the underlying funds, who may be unable to invest fully all of the capital committed to them by a master fund. The Funds, the underlying funds and the portfolio companies may incur significant expenses investigating potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors.

***Limited Operating History and Competition Associated with Portfolio Companies.*** Investing in portfolio companies will involve a high degree of business and financial risk. These companies may be in an early stage of development; may not have a proven operating history; may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; may rely on the services of a limited number of key individuals, the loss of any of whom could significantly adversely affect a portfolio company's performance; or may otherwise have a weak financial condition. In addition, portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a larger number of qualified managerial and technical personnel.

***Limited Diversification of Investments.*** Although the Funds or any master funds generally will seek to diversify its investments as described herein, it may not be able to do so and may make a limited number of portfolio investments. Further, its underlying funds may invest in a limited number of portfolio companies. Certain Funds or master funds may also make direct investments in portfolio companies. In addition, the portfolio managers of the underlying funds may have similar investment objectives and may compete for and make overlapping investments in the same portfolio companies, including, without limitation, through leveraged buyouts structured as "club" deals, resulting in the LPs having increased exposure with respect to the same portfolio companies. A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by the LPs may be substantially adversely affected by the unfavorable performance of a small number of these investments. Although Flexstone seeks to broaden the Funds' investment portfolio, the Funds do not have fixed guidelines for diversification and have no control over portfolio investments acquired by the managers of portfolio funds. As a result, certain of the Funds may invest a substantial portion of their assets in a particular underlying fund or portfolio company, or in a particular sector or industry. Various factors, including prevailing market conditions, may inhibit The

Adviser's efforts to create a broad investment portfolio. As a result, the respective Fund's investments may be concentrated in relatively few companies, industries, sectors and/or regions.

***Investments in Natural Resource Interests Are Subject to Market Fluctuations.*** Certain of the Funds may invest in underlying funds and portfolio companies that invest in oil and gas, timber or other natural resource interests. Such investments may involve risks in addition to those involved in investing in operating entities, including risks associated with natural resource prices and markets.

***Private Equity Fund Valuation Risk.*** Valuation of assets acquired in a portfolio investment may be difficult, as there will generally be no established market for these assets or for securities of privately held companies. This difficulty is increased when purchasing a portfolio of interests in private equity funds, as the portfolio will lack the benefit of financial statements and periodic company updates. The overall performance of a Fund will be affected by the acquisition price paid by a master fund for its direct or indirect interests in portfolio companies.

***Hedging Instruments May Adversely Affect Overall Performance.*** Flexstone expects to engage in hedging and derivative transactions on behalf of certain funds for currency hedging purposes. These hedging strategies could involve a variety of derivative transactions, including, without limitation, forward foreign currency exchange contracts and currency swaps (collectively, "Hedging Instruments"). The risks posed by these transactions include, but are not limited to, the risk that these complex instruments and techniques will not be successfully evaluated, monitored or priced; risk that counterparties will default on their obligations; liquidity risk and leverage risk. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Hedging transactions also involve additional costs and expenses, which may adversely affect the overall performance of certain Funds. There can be no assurance that the hedging transactions, if available, will be effective.

***Cross-Liability Risk.*** In certain instances, creditors of a feeder fund may have recourse to the assets of a master fund attributable to the other feeder funds if assets of the master fund, including the right to receive capital commitments, are pledged or used to secure obligations of a feeder fund. In particular, the Funds' prime broker(s) may receive a security interest in all of the assets of a master fund in connection with the Hedging Instruments, including assets in excess of a feeder fund's proportionate interest in such master fund. In this case, the losses attributable to the Hedging Instruments exceed the assets attributable to the applicable feeder fund, the prime broker will have recourse to all assets of the master fund, including assets indirectly attributable to investors who are not invested in such feeder fund, to cover such losses, even though such investors will not benefit from any of the income or gains resulting from the Hedging Instruments.

***Tax Risks.*** Investment in the Funds involves numerous tax risks. Additional details on such tax risks are described in each of the Funds' Fund Documents.

***Risks of Derivatives Instruments.*** Use of derivatives other than for hedging purposes may be considered speculative and, when a feeder fund invests in a derivative instrument, it could lose more than the principal amount invested. Investment in derivative instruments may cause a feeder fund to recognize higher amounts of short-term capital gains, generally taxed to shareholders at ordinary income tax rates. Investors should understand the important risk factors concerning the use of derivatives, such as management risk,

counterparty credit risk (i.e., the risk that a loss may be sustained by a fund as a result of the failure of the other party to a derivative to comply with the terms of the derivative contract), documentation risk (i.e., the risk that counterparties will differently interpret contractual provisions in an over-the-counter derivatives transaction), liquidity risk, leverage risk (i.e., the risk that adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself) and valuation risk (i.e., the risk of mispricing or improper valuation of a derivative), and cross-liability risk (see above) before investing in a Fund.

***Investments in Convertible Securities.*** Certain Funds may invest in convertible securities, which are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on such Fund's ability to achieve its investment objective.

***Distressed Investments.*** Certain Funds will also be authorized to invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make interest or other payments and the amount of any recovery may be affected by the relative seniority of a Fund's investment in the issuer's capital structure.

***Investments in Small and Mid-Cap Companies.*** Investments in mid-cap companies such as those in which a Fund (directly or indirectly) may invest, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in large companies. Medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in mid-cap companies, could make it difficult for a Fund to react quickly to negative economic or political developments.

***Investments in Real Estate.*** All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a fund's ability to vary its portfolio promptly in response to changes in

economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a fund will not decrease in the future or that the fund will recognize full value for any investment that the fund is required to sell for liquidity reasons. In addition, the ability of a fund to realize anticipated rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Other risks include changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage loans, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cashflow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, uninsurable losses and other factors beyond the control of the Underlying Fund's management.

***Investments in Vehicles with Various levels of Ownership by Flexstone and or its Affiliates.***

Flexstone and its affiliates may be investors at various levels of ownership in funds managed or sub-advised by Flexstone and its affiliates. Because of different investment objectives or other factors, The Adviser may give advice and take action, with respect to any of the funds it manages or sub-advises that may differ from the advice given to other funds or may involve a different timing or nature of action than that taken with respect to other funds. A particular investment may be bought by one or more funds where the percent ownership by Flexstone and its affiliates is higher than other funds. It is also possible that some funds advised or sub-advised by Flexstone may invest in opportunities declined by other funds with higher or lower levels of Flexstone and affiliate ownership. The allocation between such investors may present conflicts. The Adviser will determine whether and to what extent which fund will take advantage of such opportunities. To the extent potential conflicts of interest exist, the matter may be referred to a fund's advisory board for consultation. Flexstone seeks to allocate investment opportunities in a manner that it believes is fair and equitable over time.

***Market Disruption, Health Crises, Terrorism and Geopolitical Risk.*** Funds and other accounts are subject to the risk that war, terrorism, global health crises or similar pandemics, and other related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Fund's or account's investments. War, terrorism and related geopolitical events, as well as global health crises and similar pandemics have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events as well as other changes in world economic, political and health conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Fund's or account's investments. At such times, Funds' and accounts' exposure to a number of other risks described elsewhere in this section can increase.

***Public Health Emergencies - Coronavirus Outbreak Risks.*** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, COVID-19, avian flu, Ebola have and are resulting in market volatility and disruption, and future such emergencies have the potential



to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

**Cybersecurity Risk.** As the use of technology, particularly internet-based programs and data storage applications, increases, we may be more susceptible to operational risks through breaches of our information and technology systems or through breaches of our third-party service providers that hold our information and/or have access to our technology systems. Flexstone, our service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite our efforts and those of our service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of our computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to our systems and those of our service providers or counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of our systems to disclose sensitive information in order to gain access to our data or that of the Funds' investors. Whether intentional or unintentional, a cybersecurity breach may cause us, the Funds or Portfolio Investments to lose proprietary information, suffer data corruption or expose information to misuse. Unauthorized access could lead to physical damage to a computer or network system (and costs associated with system repairs), loss or theft of investors' funds, the inability to access electronic systems, a failure to maintain the confidentiality and privacy of sensitive information (including the loss of investors' confidential or personal information), loss of capabilities essential to Flexstone, the Funds' and/or the Portfolio Investment's operations, financial losses from remedial actions, loss of business, reputational harm or potential liability. Cybersecurity risks also result in ongoing preventative measures and compliance costs.

**ESG Matters.** Flexstone Partners maintains a Sustainable Investment Policy and intends to apply the policy to the Funds' investment activities, consistent with and subject to any applicable legal, regulatory, fiduciary, or contractual duties. This Policy may cause the Funds to not make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of such Policy. Additionally, ESG factors are only some of the many factors The Adviser may consider in making an investment, and there is no guarantee that The Adviser will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long-term value and financial returns for limited partners. Similarly, in evaluating a company, Flexstone often depends upon information and data provided by the company or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause Flexstone to incorrectly assess the company's ESG practices and/or related risks and opportunities. In addition, Flexstone's ESG programs and policies may change over time.

**Other Areas from which Potential Conflicts of Interest May Arise.** A range of facts and circumstances or "conflict scenarios" may result in The Adviser or its affiliates acting in a manner that may be viewed as inconsistent with the best interest of their clients, regardless of whether The Adviser or its affiliate intended to cause harm to the client. Flexstone has adopted a policy to define the framework for how to analyze, address, and mitigate potential conflicts of interest.

For the purposes of identifying potential conflicts that may arise, Flexstone will generally consider whether The Adviser, its employees, its service providers, or other clients:

- Are likely to receive a financial gain, or avoid a financial loss, at the expense of any client.
- Have an interest in the outcome of a service provided to another client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome.
- Have a financial or other incentive to favor the interest of another client or group of clients over the interest of the client to whom the service is being provided.
- Carries on the same business as the client.
- Are likely to receive (from a party other than the client) compensation of any kind, other than the commissions or fees usually charged for such service, in relation to a service provided to the client.

Conflicts of interest may arise in the following areas, amongst others:

1. Principal Trades
2. Cross Trades
3. Directed Brokerage
4. Trading Errors
5. Management Consistency with Investment Style
6. Allocation of Investment Opportunities
7. Valuation
8. Performance Fees
9. Side Letters
10. Expense Allocation
11. Outside Employee Business Activities inclusive of Directorships
12. Possession of Material Non-public information
13. Personal Trading
14. Advertising
15. Cash Solicitations

Additional information regarding potential conflicts of interest is outlined in Item 10 below.

## **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 a client's evaluation of the investment adviser or the integrity of its management. Flexstone has no disciplinary matters required to be disclosed under this item.



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

Neither Flexstone nor any of its management persons are registered as, or registered representatives of, broker-dealers. The Adviser may determine, subject to its policies governing conflicts of interest, to utilize affiliated broker-dealers to effect transactions for its clients. In such circumstances, The Adviser clients will typically pay the fees associated with the transactions in addition to management and performance fees.

Flexstone may, from time to time, invest its client's assets in funds managed by third parties, including third parties who act as co-advisers to one or more funds or other investment products managed by Flexstone. In certain situations, it may be the case that such third-party managers also have other funds that invest in funds or investment products managed by The Adviser. Any investments made by Flexstone in such third-party managed funds, and any third-party managed funds investing funds or investment products managed by Flexstone, will be made on an independent basis and generally on terms substantially the same as are applicable to other investors.

Flexstone may from time to time enter into agreements in accordance with the requirements of Rule 206(4)-1 of the Advisers Act and guidance issued thereunder, pursuant to which The Adviser remits a portion of management fees received to an outside party, including affiliates of Flexstone, for solicitation activities.

Flexstone and its employees are not registered and do not have any applications pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person, as applicable with the National Futures Association.

Flexstone is an indirect subsidiary of Natixis IM, which owns, in addition to The Adviser, a number of other asset management and distribution and service entities (each, together with any advisory affiliates of the Adviser, a "related person"). As noted under Item 4, Natixis IM is wholly owned by Natixis, which is wholly owned by BPCE, France's second largest banking group. BPCE is owned by banks comprising two autonomous and complementary retail banking networks consisting of the Caisse d'Epargne regional savings banks and the Banque Populaire regional cooperative banks. There are several intermediate holding companies and general partnership entities in the ownership chain between BPCE and the Adviser. In addition, Natixis IM's parent companies Natixis and BPCE each own, directly or indirectly, other investment advisers and securities and financial services firms which also engage in securities transactions.

The Adviser does not presently enter into transactions with related persons on behalf of clients. Because the Adviser is affiliated with a number of asset management, distribution and service entities, the Adviser occasionally may engage in business activities with some of these entities, subject to the Adviser's policies and procedures governing conflicts of interest. For example, the Adviser may enter into relationships with related persons, which include advisory or sub-advisory arrangements (on a discretionary or non-discretionary basis), cross-marketing arrangements for the sale of separate accounts and privately placed pooled vehicles, research sharing relationships and personnel sharing relationships. Moreover, the Adviser may use related persons to provide certain services to clients to the extent this is permitted under applicable

law and under the Adviser's applicable policies and procedures. Given that related persons are equipped to provide a number of services and investment products to the Adviser's clients, subject to applicable law, clients of the Adviser may engage a related person of the Adviser to provide any number of such services, including advisory, custodial or banking services, or may invest in the investment products provided or sponsored by a related person of the Adviser. The relationships described herein could give rise to potential conflicts of interest or otherwise may have an adverse effect on the Adviser's clients. For example, when acting in a commercial capacity, related persons of the Adviser may take commercial steps in their own interests, which may be adverse to those of the Adviser's clients.

Given the interrelationships among the Adviser and its related persons and the changing nature of the Adviser's related persons' businesses and affiliations, there may be other or different potential conflicts of interest that arise in the future or that are not covered by this discussion. Additional information regarding potential conflicts of interest arising from the Adviser's relationships and activities with its related persons is provided under Item 11.

Although Flexstone employs its own investment advisory personnel, Flexstone may also utilize the services of and obtain assistance from FP SAS and the other Flexstone companies. To the extent the Flexstone Companies are involved in advising Flexstone with respect to the Funds, they are considered "Participating Affiliates" and comply with the required record keeping and inspection provisions of the Advisers Act set forth in the Uniao de Bancos de Brasileiros S.A. (July 28, 1992) no-action letter and similar staff no-action positions. Pursuant to a sub-advisory agreement between Flexstone and FP SAS, FP SAS provides advisory services to Flexstone to assist Flexstone in the selection, evaluation, acquisition and monitoring of portfolio investments. Employees of the Flexstone Companies who are involved in providing advice to Flexstone with respect to the Funds are considered Flexstone's "associated persons", and as such are subject to Flexstone's Code of Ethics (as defined below).

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

### **Code of Ethics**

Flexstone has implemented policies and procedures to monitor the personal trading activities of its personnel and certain members of their immediate families. The Adviser maintains a Code of Ethics (the "Code") that governs the conduct of its personnel. The Code describes the Adviser's standard of business conduct, its fiduciary duty to its clients and includes provisions relating to, among other things, personal securities trading procedures. Clients and prospective clients may request a copy of the Code by sending an email to [investorrelations@flexstonepartners.com](mailto:investorrelations@flexstonepartners.com). The Code places restrictions on personal trades by the Adviser's access persons, requiring that they disclose their personal securities holdings (including investment instruments and all accounts over which they have beneficial ownership) and transactions to The Adviser on a quarterly basis. It also requires that access persons pre-clear certain types of personal securities transactions by obtaining prior written consent from Compliance before obtaining a direct or indirect beneficial interest in these transactions. Consistent with its Code, Flexstone seeks to limit personal investments that may conflict with the interests of Flexstone's clients. Flexstone anticipates that it will cause

accounts over which it has management authority to effect the purchase or sale of securities in which FP, its affiliates and/or its clients, directly or indirectly, may have an interest. Likewise Flexstone anticipates it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which FP, its affiliates and/or its clients, directly or indirectly, may have an interest.

Subject to satisfying applicable laws and the Code, officers, directors, and employees of Flexstone and its affiliates may trade in certain securities, in their own accounts, which are recommended to and/or purchased for Flexstone's clients. Employee trading is monitored under the Code of Ethics, and in doing so, the Adviser seeks to mitigate the effect of any potential conflicts of interest between the Adviser, its employees, and clients.

### **Participation or Interest in Client Transactions**

Given the diverse business activities of its affiliates and the broad scope of its activities, the Adviser may on occasion find investment opportunities on behalf of its clients where the opposing party in the transaction is an entity related to the Adviser. In addition, the Adviser may on occasion determine to effect a purchase and sale transaction between two or more accounts that it manages. These types of transactions may, for regulatory purposes, be "principal transactions" and "cross transactions," respectively.

For principal transactions, Flexstone will provide the client, an agent of the client or an independent person acting on behalf of a client, written disclosure regarding the material terms of the transaction and receive consent before completion of the transaction, in accordance with the requirements of the Advisers Act.

For cross transactions, Flexstone has established policies and procedures for determining that the securities are being transferred between accounts at a fair price and/or subject to the applicable requirements of the applicable Fund Documents. In connection with providing investment management and advisory services to its clients, Flexstone acts independently of other affiliated investment advisers ("Affiliated Firms") and manages the assets of each of its clients in accordance with the investment mandate agreed with such clients.

Related persons of FP are engaged in securities transactions. FP or its related persons may invest in the same securities that FP recommends to or for, purchases or sells for its clients. FP and its related persons (to the extent they have independent relationships with the client) may give advice to and take action with their own accounts or with other client accounts that may compete or conflict with the advice FP may give to, or an investment action FP may take on behalf of, the client or may involve different timing than with respect to the client. Since the trading activities of the Affiliated Firms are not coordinated, each may trade the same security at or about the same time, on the same or opposite side of the market, thereby possibly affecting the price, amount or other terms of the trade execution, adversely affecting some or all clients. Similarly, one or more clients of FP's related persons may dilute or otherwise disadvantage the price or investment strategies of another client through their own investment transactions. FP's management on behalf of its clients may benefit itself or its related persons. For example, clients may, to the extent permitted by applicable law, invest directly or indirectly in the securities of entities in which FP or a related person, for itself or its clients, has an economic interest, and clients, or FP or a related person on behalf its client, may engage in investment transactions which could result in other clients being relieved of obligations, or which may cause other clients to divest certain investments. The results of the investment activities of a client of FP may differ significantly from the results achieved by FP for other clients or future clients. Moreover, FP

typically will not have the ability to influence the actions of its related persons. FP from time to time, on behalf of its clients, may purchase securities in public offerings or secondary offerings in which a related person may be a member in the underwriting syndicate. Any such participation is generally undertaken in accordance with firm policy, applicable law and such securities are not purchased directly from such related person. Where FP has knowledge that it may be recommending an investment to an advisory client at or about the same time that an affiliate may buy or sell the same investment for its own account or a client it manages, FP's Investment Committee, will determine, with the assistance of outside counsel, if needed, whether the factors present preclude it from recommending the investment. Possible cures for the potential conflict of interest may include relying on disclosures made (i.e. in a client's Fund Documents) and a review of registration information about the affiliate (i.e., whether the affiliate is a registered investment company). There can be no assurance that conflicts of interest will be resolved in favor of a particular client's interests. Where FP has knowledge that an affiliated person has an ownership in or otherwise may directly benefit from FP making or recommending a particular investment, it has policies and procedures in place to address such conflict, which may include that such conflict will be fully disclosed and if such person is a member of FP's Investment Committee or other decision making group regarding the investment, that such person will be recused from all discussion and decision making with regard to the matter.

#### **Co-investments in Direct Investments Opportunities ("Co-investments")**

From time to time, FP may find investment opportunities intended for a Fund that it manages in which the amount of the available opportunity exceeds the investment needs of such Fund. In this kind of circumstance, FP may, in its discretion, offer all or a portion of such opportunities to investors or sponsors with whom FP has relationships, including limited partners in the Funds it manages. The procedure for offering Co-Investments to direct investment limited partners ("DIFLPs") begins with FP notifying, by email, all fund limited partners who have previously indicated an interest in investing in Co-Investment opportunities, that a specific opportunity is likely to become available. FP will send a second email with general information about the prospective Co Investment opportunity identifying: 1) The name of the opportunity and summary information about the company; 2) The size of the co-investment available, and 3) The deadline for response. Each such DIFLP will be asked to give an initial indication of its interest amount contingent upon further investment information to be provided. Based on the responses, FP will list the respondents by amount of interest to invest, date and time of receipt from each such DIFLP of its interest to invest and the amount it has committed to any FP Fund. Based on this and other relevant factors, FP's Investment Committee ("IC") will determine who will be offered the opportunity to purchase the Co-Investment. Generally, FP will seek the fewest number of investors. To ensure that the allocation is fair and equitable, FP may utilize a rotational method, or other accepted practice. The Investor Relations and Business Development ("IRBD") team will notify the selected DIFLP(s) and provide a copy of FP's prospective investment summary on the investment. FP will remind each DIFLP that 1) FP is not recommending the opportunity; 2) That any decision whether to invest is theirs to make; and 3) FP is not acting as a fiduciary to the selected DIFLP(s), regarding the Co-Investment. Legal and applicable fees for structuring the co investment vehicle will be shared by the Fund and the participating DIFLP(s) pro-rata. No management or carry is to be charged on the co-investments by FP. Such opportunities are generally not available to FP employees.

## **Item 12. Brokerage Practices**

### **Soft Dollar Arrangements, Brokerage for Client Referrals, Directed Brokerage**

Flexstone does not engage in such arrangements.

### **Best Execution**

The Funds rarely, if ever, directly trade public securities except for investing cash in money market funds and liquidating listed securities received through a corporate action or initial public offering. In cases where FP acquires publicly traded securities, FP generally chooses the executing broker/dealer that it believes will provide best execution, determined on a qualitative basis. In making this determination, FP may consider several factors including, but not limited to execution capability, cost of execution, knowledge of shareholder dynamics in a security, role in the IPO, general accessibility and experience working with private equity firms. Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with FP's obligation of best execution. In such circumstances, if applicable, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FP will retain records for the trades on behalf of its clients.

### **Trading Allocation**

Flexstone has procedures in place which are designed to ensure that all clients are treated fairly and equitably over time and to prevent conflicts from influencing the allocation of investment opportunities among clients. In addition, certain fund organizational documents negotiated with investors have provisions limiting the formation of new funds and/or the allocation of investment opportunities.

## **Item 13. Review of Accounts**

### **Ongoing Monitoring**

Underlying funds are monitored by the firm's investment team through a review of monthly reports from underlying fund managers regarding any significant changes to the management structure of the underlying funds, and/or other developments; evaluation of the K-1 Schedules for any possible tax considerations; assessment of SSAE 16 reports and shareholder letters if applicable.

### **End of reporting period monitoring**

The Investment Team, and certain accounting and reporting personnel:

- A. Consider and review each Fund's monthly capital account statements, correspondence, related newsletters, quarterly financials and audited annual financials to get detailed explanations and to obtain comfort on the underlying investment valuation process.
- B. Provide a written quarterly commentary to investors, as applicable.

- C. Provide a written periodic portfolio management report consisting of portfolio summaries, quarterly cash flows, and (summary) fund reports, valuation comparisons, underlying portfolio exposure and best and worst performing companies.

#### **Data Valuation & Risk Committee**

FP has established a Data Valuation & Risk (DVR) Committee (the “DVR” or “Committee”) responsible for reviewing and approving valuations proposed by the Investment Team. The Committee also identifies and monitors what it believes to be the key risks of each investment and managed portfolio.

The DVR is composed of the members of senior management and the Investment Team.

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

FP may from time to time enter into agreements in accordance with the requirements of Rule 206(4)-1 (“New Marketing Rule”) of the Advisers Act, pursuant to which FP remits a portion of the management fees received from clients to an outside party (third-party solicitors, placement agents, or to affiliates of FP for client or investor referrals, collectively “Promoters”). In these circumstances, FP will ensure that each Promoter complies with the applicable requirements in Rule 206(4)-1 under the Advisers Act. Such requirements may include, depending on the circumstances, maintenance of a written agreement between FP and Promoter, and delivery by the Promoter of certain disclosures to prospective clients or prospective investors setting forth the nature of the relationship between the Promoter and FP, any fees to be paid to the Promoter, and related conflicts of interest.

### **Item 15. Custody**

Pursuant to applicable regulation, FP is considered to have custody of cash and securities of our Funds. FP maintains such cash and securities with independent qualified custodians.

Our Funds are audited annually by PriceWaterhouseCoopers LLP, which is registered with and subject to regular inspection by the Public Company Accounting Oversight Board, and audited financial statements are delivered to investors in our Funds.

### **Item 16. Investment Discretion**

FP manages both discretionary and non-discretionary assets. Discretionary authority and the limitations thereof are stated in each Fund’s Limited Partnership Agreement (“LPA”). FP exercises its investment discretion in a manner consistent with each Fund’s stated investment objectives, investment policies, limitations and restrictions, as applicable, in each fund LPA and related documents (including any side letters or other agreement with particular investors).

### **Item 17.      Voting Client Securities**

While the securities evidencing the private equity investments made by the funds managed by FP (the “Funds”) are not typically the subject of proxies, there could be certain circumstances where FP, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of a fund on restructuring or other corporate matters. FP will ensure that a record of each securities position held by the Funds is maintained and, where any such vote is to occur, will ensure that FP received all relevant information, disclosure materials and such proxies or consents as are necessary for FP to be able to cast votes in a timely manner. FP will also determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a fund. If FP determines that there is no material conflict of interest, then it will make the voting determination and take the required voting action. If FP determines that, due to a conflict of interest, it is not capable of making an independent determination as to the voting decision, then the voting decision will be that recommended by the applicable limited partner advisory committee. The Funds cannot direct FP to vote in a particular solicitation, as each is controlled by its general partner (FP or an affiliate) and, as such, each is aware of how FP voted with respect to its securities. A copy of FP’s proxy voting policies and procedures will be provided to any client and prospective client upon request.

### **Item 18.      Financial Information**

A registered investment adviser is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients and disclose if it has been the subject of a bankruptcy petition at any time during the past ten years.

Flexstone has no financial condition that impairs its ability to meet the contractual commitments to its clients and has not been the subject of a bankruptcy petition.

### **Item 19.      Requirements for State-Registered Advisers**

Item 19 is not applicable to Flexstone.