



## Form ADV Part 2A

### **Great Range Capital, LLC**

1968 Shawnee Mission Parkway, Suite 200  
Mission Woods, Kansas 66205

[greatrangecapital.com](http://greatrangecapital.com)

March 26, 2024

This brochure provides information about the qualifications and business practices of Great Range Capital, LLC ("GRC," "we," "us," "our," or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at the address listed above or send us an email at [desire.bates@greatrangecapital.com](mailto:desire.bates@greatrangecapital.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.

Additional information about Great Range Capital, LLC, an SEC-registered investment adviser, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2: Summary of Material Changes

---

The last Brochure for GRC was filed in March 2023. No material changes have occurred since that time.

In this Item, GRC will periodically identify and discuss material updates to the Brochure. This is intended to inform current and prospective Clients of important developments that may take place in GRC's business practices. We encourage all recipients to read this Brochure carefully in its entirety.

*The information disclosed in this Brochure is qualified in its entirety by the private placement memorandum, limited partnership agreement and/or investor disclosure letters applicable to an investment in a private fund advised by the Adviser and the operating agreement of Great Range Capital, LLC. In the event of a conflict between the information disclosed in this Brochure and the information in the applicable private placement memorandum, limited partnership agreement, investor disclosure letters and/or operating agreement of Great Range Capital, LLC, such documents shall control.*

### Item 3: Table of Contents

---

|   |    |
|---|----|
| Item 2: Summary of Material Changes .....   | 2  |
| Item 3: Table of Contents .....   | 3  |
| Item 4: Advisory Business .....   | 4  |
| Item 5: Fees and Compensation .....   | 5  |
| Item 6: Performance-Based Fees and Side-By-Side Management .....                                  | 7  |
| Item 7: Types of Clients .....  | 8  |
| Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....                         | 9  |
| Item 9: Disciplinary Information .....  | 17 |
| Item 10: Other Financial Industry Activities and Affiliations .....                               | 18 |
| Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .. | 19 |
| Item 12: Brokerage Practices .....  | 20 |
| Item 13: Review of Accounts .....   | 21 |
| Item 14: Referrals and Other Compensation .....   | 22 |
| Item 15: Custody .....  | 23 |
| Item 16: Investment Discretion .....  | 24 |
| Item 17: Voting Client Securities .....   | 25 |
| Item 18: Financial Information .....  | 26 |

#### Item 4: Advisory Business

---

Great Range Capital, LLC (“**GRC**” or the “**Adviser**”) is a Kansas limited liability company founded in April 2010. The Adviser is principally owned by Paul Maxwell and Ryan Sprott (the “**Principals**”).

GRC primarily provides investment advisory services to private funds (namely, Great Range Capital Fund I, LP, Great Range Capital Fund II, LP, and Great Range Capital Fund III, LP (the “**Funds**” or the “**Clients**”), all of which are organized as Delaware limited partnerships). The Funds primarily target private investments in middle market companies located in the Midwest and generally seek a controlling interest through leveraged buyout or recapitalization transactions. Great Range Capital Fund I GP, LLC, Great Range Capital Fund II GP, LLC, and Great Range Capital Fund III GP, LLC are the respective general partners of the Funds (the “**General Partners**” or the “**GPs**”).

GRC tailors its investment advice to its Clients’ needs and objectives, as set forth in the private placement memorandum and limited partnership agreement of the applicable Client (collectively with respect to a Client, the “**Offering Documents**”). GRC has discretion over Client assets; its discretion is limited by any restrictions in the Offering Documents with the Client. Except as otherwise set forth in the limited partnership agreement, investors generally may not impose any restrictions or limitations on the management or operation of the Clients.

The Adviser does not currently participate in any wrap fee programs.

As of December 31, 2023, GRC had approximately \$445,921,767 in regulatory assets under management on a discretionary basis.

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

---

### **Fees**

In connection with the investment advisory services provided to its Clients, GRC and its affiliates are generally entitled to receive a management fee as well as a performance-based fee based on the profits earned on each Client's account. The GPs serve as the respective general partners of the GRC Funds. Such entities are GRC's related persons and are typically entitled to the fees set out below.

**Management Fees.** GRC and its affiliates are generally paid an annual investment management fee for each Fund (the "**Management Fee**") of two percent (2%) of invested capital or committed capital of each limited partner of the Fund (the "**Limited Partners**"). The Management Fee for Great Range Capital Fund, I LP is paid semiannually in arrears based on 2% of invested capital, as applicable, whereas the Management Fee for Great Range Capital Fund II, LP and Great Range Capital Fund III, LP is generally paid quarterly in advance based on 2% of committed capital during the Fund's investment period, and 2% of invested capital thereafter. Fees for all Clients are generally offset by a percentage of transaction, consulting, and similar fees received from the applicable Fund's portfolio companies, as more thoroughly described below.

**Performance-Based Fees.** Generally, net profits for the Funds are allocated 80% to the Limited Partners and 20% to the applicable GP (a GRC affiliate) (the "**Performance Fee**"). The Performance Fee is only paid if net profits are equal to or greater than an 8% per annum preferred return on capital contributed.

Please see the confidential private placement memorandum and the limited partnership agreement of the respective Client for detailed information regarding the management fee and performance distributions that may be made to GRC's affiliates and other persons.

**Other Fees.** In the course of providing investment advisory services to the Funds, GRC and its affiliates may receive certain other fees from portfolio companies of the Funds, including transaction fees, breakup fees, director's fees and monitoring fees. These fees generally offset the Management Fee paid by investors to the applicable Fund.

### **Client Expenses**

Each Client generally pays, directly or through reimbursement to GRC, all of the operating expenses and organizational expenses of such account.

Operating expenses generally include, but are not limited to: the fees and expenses relating to consummated portfolio investments, proposed but unconsummated investments and temporary investments, including the evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not reimbursed by a portfolio company or other third person; interest on and fees and expenses related to or arising from any credit support or any credit indebtedness; premiums for insurance protecting a Fund and any covered persons from liabilities to third persons in connection with fund affairs; legal, custodial and accounting expenses, including expenses associated with the preparation of a Fund's financial statements, tax returns and schedule k-1 s and the representation of a Fund or the partners by the tax matters partner; auditing, accounting, banking and

consulting expenses; appraisal expenses; expenses related to organizing persons through or in which portfolio investments may be made; expenses of the advisory committee; costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; taxes and other governmental charges, fees and duties payable by a Fund, other than taxes withheld from distributions to a partner; damages; costs of reporting to the partners and of the annual meeting; and costs of winding up and liquidating a Fund.

Organization expenses generally include all expenses (including, without limitation, travel, meals, entertainment, lodging, tax, consulting, printing, legal, capital raising, filing, accounting, regulatory compliance (such as initial compliance contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation) and any other administrative or other filings and other organizational expenses) incurred in connection with the organization and funding of a Fund and General Partner, including the preparation of, and negotiations with respect to, the Fund's limited partnership agreement and any side letters or similar agreements, but not including any placement fees.

The GPs and/or GRC pay all ordinary overhead and administrative expenses relating to a Fund incurred by the applicable GP or GRC in connection with maintaining and operating their respective offices (including salaries, rent, utilities and equipment expenses) to the extent not borne or reimbursed by a portfolio company of such Fund.

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

---

As noted above, GRC is entitled to receive performance-based distributions from the Clients equal to a percentage of profits on distributions derived from the disposition of investments. The net profits for the Funds are allocated on an 80/20 basis between the Limited Partners and the GP (classified as the incentive allocation or carried interest, respectively), provided that net profits are equal to or greater than an 8% per annum return on capital contributed. These performance-based distributions could motivate GRC to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest with respect to its clients, the Adviser has implemented policies and procedures to ensure that all clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

Please refer to the confidential private placement memorandum and the limited partnership agreement of the applicable Fund for detailed information regarding the performance-based fees applicable to the Fund.

The GPs of Great Range Capital Fund II, LP and Great Range Capital Fund III, LP may, in their sole discretion, provide one or more of the Limited Partners (but not necessarily all Limited Partners) or third parties the opportunity to co-invest with the respective Fund, in each case, on terms to be determined by the Fund's GP in its sole discretion. The respective GP may allocate the available investment opportunity among the Fund, the Limited Partners or third parties who are coinvesting. In exercising its discretion to allocate co-investment opportunities, the GP may consider some or all of a wide range of factors, which may include the ability of a person to respond promptly to such opportunity, any strategic advantages that may result from a person's participation in such opportunity (including in regard to sourcing, securing, consummating, refinancing or restructuring an investment) and/or a person's commitment to or investment in the Fund and/or one or more existing or subsequent partnerships, companies, accounts or other investment vehicles managed or advised by the GP, GRC or its affiliates. Fund expenses include all fees and expenses attributable to investment and disposition opportunities for the Funds that are not consummated.

**Item 7: Types of Clients**

---

The Adviser currently provides investment supervisory services to three Funds and one separately managed account (collectively, the “Clients”). Investment advice is provided directly to a Client (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such account.

With respect to the Funds, the Adviser typically requires a minimum commitment size in the amount of \$1,000,000 for each investor in the Funds. The General Partner of each Fund has in the past and may in the future, in its sole discretion, permit investments below the minimum amounts set forth in the governing documents of such Fund.



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

---

The following discussion of GRC's strategies and risks is a summary of the discussion in, and is qualified in its entirety by, the applicable Client's private placement memorandum.

### ***Methods of Analysis and Investment Strategies***

GRC's primary investment strategy is to focus on lower middle market companies located in the Midwest. The Adviser targets companies with competitive differentiation, predictable cash flows which can pay down transaction debt or can be reinvested to support high return on capital growth, and significant growth prospects or operational efficiency opportunities. In addition, GRC targets sectors that tend to have well-defined niche markets large enough to support growth, meaningful barriers to entry, fragmented participants allowing for consolidation and recession resistance and stability through business cycles. GRC seeks to have voting control of its portfolio companies in order to ensure the implementation of post-acquisition strategies and to manage exit transactions.

### ***Certain Material Risks***

Prospective investors should be aware that investing involves a high degree of risk. There can be no assurance that a Client's investment objectives will be achieved or that investors will receive a return on their capital. The possibility of partial or total loss of capital will exist and investors must be prepared to bear capital losses that may result from investments. In addition, there will be occasions upon which the General Partner, GRC or one or more of their respective affiliates may encounter potential conflicts of interest in connection with the activities of a Fund. The following considerations and risk factors should be carefully evaluated before making an investment in a Fund. The following list is not a complete list of all considerations and risks involved in connection with an investment. Prospective investors should make their own investigation of the investment described herein, including the merits and risks involved and the legality and tax consequences of such an investment.

*Competition for Investments.* A Fund expects to encounter competition from other entities having similar investment objectives. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. Some of these competitors may have more relevant experience, greater financial resources and more personnel than a Fund or its General Partner and its affiliates. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to a Fund and adversely affecting the terms upon which portfolio investments can be made. There can be no assurance that a Fund will be able to identify or consummate portfolio investments satisfying its investment criteria, that a Fund will be able to fully invest its committed capital or that such investments will satisfy a Fund's rate of return objective.

*Ability to Manage Rapid Growth.* A Fund expects many of its portfolio companies to grow rapidly. Rapid growth often places considerable operational, managerial and financial strain on a business. To successfully manage rapid growth, a Fund's portfolio companies must, among other things, rapidly improve, upgrade and expand their business infrastructures, deliver services and products on a timely basis, maintain levels of service expected by clients and customers, and maintain adequate levels of liquidity. The financial returns of a Fund will suffer if such Fund's portfolio companies are unable to successfully manage their growth.

*Need for Follow-On Investments.* Given a Fund's investment strategy, such Fund intends to provide

additional funds to its platform companies in order to make add-on acquisitions. A Fund may also have the opportunity to increase its investment in a successful portfolio company. However, there is no assurance that a Fund will be able to make follow-on investments or that such Fund will have sufficient capital to make all of the follow-on investments that it desires. Any decision by a Fund not to make a follow-on investment or its inability to make such investments may have a substantial negative impact on a platform or portfolio company in need of such investment or may result in a lost opportunity for a Fund to increase its participation in a successful portfolio investment.

*Ability to Successfully Exit Investments.* The ability of a Fund to achieve successful and profitable exits of its portfolio investments may be impacted by a number of factors prevailing at the time, including general economic conditions, interest rates, availability of capital, interest levels of strategic and financial buyers, and cyclical trends in particular industry segments. It is difficult to predict with any certainty whether there will be a ready and willing market of buyers for any particular portfolio company at the time a Fund seeks a realization.

*Projections are Only Estimates.* A Fund will generally determine the appropriate capital structure of each portfolio company in which a Fund invests based upon financial projections for that company. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results based upon assumptions made at the time the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. Also, general economic conditions, which are not predictable, can have a material adverse impact on the accuracy of projections.

*Refinancing Risks.* In circumstances where the General Partner intends to refinance all or a portion of the capital invested, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

*Investments Longer than Term.* A Fund may make investments which may not be advantageously disposed of prior to the date such Fund will be dissolved, either by expiration of such Fund's term or otherwise. Although the applicable General Partner expects the investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, and although such General Partner has a limited ability to extend the term of the Fund, such Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund the applicable General Partner (or the relevant liquidator) will be required to use reasonable efforts to reduce to cash and cash equivalents such assets of such Fund as the General Partner or such liquidator shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations (including legal restrictions on the ability of a Limited Partner to hold any assets to be distributed in kind), over such time as is reasonably necessary to settle gradually and close such Fund's business under the circumstances then applicable to such Fund, 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.

*General Economic and Market Conditions.* The private equity industry generally, and the success of a Fund's investment activities specifically, 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. Such factors are unpredictable and cannot be controlled by the General Partner. General fluctuations in the market prices of securities and economic conditions generally may

reduce the availability of attractive investment opportunities for such Fund and may affect such Fund's 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 a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, 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 a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event a Fund 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 a Fund 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 a Fund's ability to obtain funding to support its investment objectives. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate and it becomes more difficult for investment funds to obtain favorable financing for investments, a Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for its investments. Increased government regulation and oversight of lenders or potential lenders may reduce available credit and depress the value of leveraged assets. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Illiquidity of Portfolio Investments.* A Fund's investments in portfolio companies generally will be illiquid and not readily marketable, and the transferability of such investments generally will be restricted under the terms of the documents governing such investments. There can be no assurance that a Fund will be able to liquidate a particular interest in any portfolio company at the time and upon the terms it desires. Less marketable or illiquid investment positions may be more difficult to value than more marketable assets, due to the unavailability of reliable market quotations and other factors. The ability of a Fund to successfully exit and achieve liquidity on its investments is dependent in large part on the condition of and valuations available in the public equity markets and valuations available in private negotiated transactions at the time, neither of which can be projected with any certainty. The sale of less marketable securities or other assets may require more time and result in lower prices, due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable assets. The disposition of illiquid assets may involve distributions in kind to the investors.

*Use of Leverage.* A Fund intends to make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. While investments in leveraged companies offer the opportunity to improve rates of investment return and/or reduce the overall cost of capital for such companies, leverage

generally magnifies both the opportunities for gain and the risks of loss from investments, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. 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 operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's 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 such Fund's 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, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, a Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect such Fund's ability to generate attractive investment returns for such Fund as a whole. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of businesses which such Fund may have been contracted to purchase.

***Director Liability.*** A Fund will typically obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

***Cybersecurity Risks.*** Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (1) customer data or payment information; (2) customer or portfolio company financial information; (3) portfolio company software, contact lists or other databases; (4) portfolio company proprietary information or trade secrets; or (5) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at GRC or one of its service providers holding its financial or investor data, GRC, its affiliates or a Fund may also be at risk of loss, despite efforts to prevent and mitigate such risks.

Potential Public Health Crisis; Covid-19. A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the outbreak of Covid-19, could have an adverse impact on global, national and local economies, which in turn could negatively impact fund clients. Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, a failure of containment efforts) may adversely impact a Fund's investments, including by delaying or causing supply chain disruptions or by causing staffing shortages. In addition, the imposition of travel restrictions may impact the ability of GRC's personnel to travel in connection with potential or existing investments of a Fund or to GRC's office, which could negatively impact the ability of GRC to effectively identify, monitor, operate and dispose of investments. Further, considering the high pace of mutation of Covid-19 and broad community spread, it is possible for future variants to evolve that can outcompete with ones observed to date (and with greater virulency) and evade then existing population immunity, potentially causing substantial and incremental economic and social disruption. Finally, Covid-19 has contributed to, and may continue to contribute to, volatility in financial markets, including changes in interest rates. The impact of a public health crisis such as Covid-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to a Fund's performance.

Labor Shortages. The current elevated economic growth cycle propelled by unprecedented federal stimulus, coupled with people voluntarily leaving the workforce, has created the most challenging labor market businesses have faced in decades and has made it more challenging to attract and retain key executives at portfolio companies and investment professionals at GRC.

Inflation and Volatile Asset Valuation. Persistent and elevated rates of inflation have pushed the monetary authorities to end Covid-19-related measures in a step towards more normal monetary policy which will lead to increased interest rates and remove a key economic tailwind. While the prospect of these steps has put significant pressure on asset valuation, the largely supply chain driven inflationary environment could prove more persistent and create additional economic uncertainty.

Geopolitical Instability. GRC's business, its ability to identify opportunities that meet its strategy and the performance of businesses it invests in, will all be impacted by global political events, war and terrorism, all or any of which, if significant, could have a material adverse effect on the industries in which GRC invests and on the operations and financial condition of the businesses in which it does and seeks to invest. Further, the degree to which governments can and do use economic and financial tools as a response to these events can cause short-term market dislocations, as well as medium-term adverse effects on GRC's business, including by decreasing demand for the products and services of its portfolio companies, and by creating financial market volatility, making portfolio company balance sheet stability more challenging.

Political Uncertainty. Results of elections (domestically and internationally) can be unexpected and may result in material market changes and increases in market uncertainty, including, for example, the changes in legal and regulatory approaches of different U.S. federal and state administrations, much of which can be difficult to predict. While these uncertainties may create investments opportunities for GRC, such uncertainties could likewise have material and adverse impact on GRC. These adverse impacts could manifest themselves in a variety of different ways, including missed (or mis-priced) investment opportunities, material regulatory changes to the industries in which GRC invests, operational changes or changes to the financial condition of the businesses in which GRC invests and/or GRC's ability to enter

into liquidity or other exit transactions. Further, the financial services industry continues to be the subject of heightened regulatory scrutiny in the United States, and there is active debate over the appropriate extent of regulation and oversight of private investment funds and their managers. GRC may be adversely affected as a result of new or revised regulations imposed by the SEC or other U.S. governmental regulatory authorities or self-regulatory organizations that supervise its business, whether through higher compliance costs, enhanced disclosure obligations or through other limitations on the business activities and operations of investments funds and their managers.

### ***Risks Relating to an Investment in a Fund***

*Past Performance; No Assurance of Investment Return.* The investment performance of GRC's prior investments is not necessarily indicative of a Fund's future results. While the General Partners intend to make investments which have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted returns will be achieved. Total loss of principal is possible with respect to any investment. There is no assurance that a Fund will be able to generate returns for its investors or that returns will be commensurate with the risks of investing in the type of companies and transactions described herein. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment. An investment in a Fund requires a long-term commitment, with no certainty that such Fund will realize its rate of return objectives or that capital loss will not occur. There can be no assurance that a Fund's investment objective will be achieved or that a Limited Partner will receive a return of its capital.

*Portfolio Concentration.* Although generally no more than 20% of the aggregate commitments to a Fund will be invested in any single portfolio company (25% including bridge financings), diversification is not a requirement of the Funds. Accordingly, a Fund's portfolio investments may include a small number of large positions. While this portfolio concentration may enhance total returns to partners, if any large position has a material loss, then returns to the partners may be lower than if they had invested in a well-diversified portfolio.

*Litigation.* In the ordinary course of its business, a Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of a Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

*Reliance on General Partner and Manager.* Decisions made with respect to the management of a Fund will be made by the Fund's General Partner. The General Partner will have exclusive responsibility for the Fund's activities and Limited Partners will not be able to make investment or other decisions with respect to the management of such Fund. The success of a Fund will depend on the ability of the General Partner, GRC, the Principals and GRC's other investment professionals to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of the investments of such Fund at a profit. The loss of the services of one or more of the Principals or such other persons could have an adverse impact on a Fund's ability to realize its investment objectives. There can be no assurance that each of the Principals and other investment professionals will continue to be associated with a Fund throughout its anticipated term.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by a Fund. When estimating fair value, the General Partner will apply a methodology it

determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. Accordingly, the valuation decisions made by the General Partner may cause it to ineffectively manage a Fund's investment portfolio and risks, and may also affect the diversification and management of such Fund's portfolio of investments. Additionally, 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 incentive allocation or carried interest and the calculation of management fees.

**Portfolio Company Management Team.** Each portfolio company's day to day operations will be the responsibility of such company's management team. Although the General Partner will be responsible for monitoring the performance of each investment and intends to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor management team, will be able to operate the portfolio company in accordance with a Fund's plans or expectations.

**Bridge Financings.** From time to time, a Fund may provide interim financing in order to facilitate a portfolio investment on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term debt securities may not be issued and such bridge loans may remain outstanding. In such an event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a Fund.

### ***Potential Conflicts of Interest***

Investors should be aware that there will be occasions when GRC, the General Partner and their respective affiliates may encounter potential conflicts of interest in connection with a Fund. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, investors should be aware that GRC, its personnel, and its affiliates may in the future engage in further activities that may result in additional conflicts of interest not addressed below. There can be no assurance that GRC will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund.

**Allocation of Investment Opportunities.** Certain conflicts between a Fund and its Limited Partners, on one hand, and the applicable General Partner and its affiliates or Principals, on the other hand, may arise with respect to the allocation of prospective investment opportunities to affiliates of such General Partner. Although the General Partner is obligated to present to the Fund all investment opportunities that it believes in good faith are suitable for such Fund, the General Partner may cause such Fund to forego certain investment opportunities in which the General Partner, GRC and their respective members, employees or affiliates may thereafter invest.

**Conflicts with Portfolio Companies.** In connection with the equity investments of a Fund, officers and employees of the applicable General Partner or its affiliates may serve as directors of a portfolio company and in such capacity will be required to make decisions that consider the best interests of such portfolio company. In certain circumstances, such as situations involving bankruptcy or near

insolvency of a portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interests of a Fund and vice versa. Accordingly, in these situations, there will be conflicts of interests between such individual's duties as an officer or employee of the General Partner or such affiliate and such individual's duties as a director of such portfolio company.

*Effect of Incentive Allocation or Carried Interest.* The existence of the General Partner's incentive allocation or carried interest may create an incentive for such General Partner to make riskier or more speculative investments on behalf of the applicable Fund or to hold an investment longer than it would otherwise in the absence of such performance-based arrangement. In addition, under recently enacted tax legislation, a Fund must hold certain investments for more than three years in order for the General Partner's incentive allocation or carried interest in respect of a disposition of such investment to be taxed at long-term capital gains rates even though Limited Partners generally would be entitled to long-term capital gains rates in respect of such a disposition so long as such Fund held the investment for more than one year. This difference in holding periods may create an incentive for the General Partner to cause the applicable Fund to hold an investment longer than it would otherwise and to defer or delay dispositions of investments until achieving the three year holding period.

*Allocation of Expenses.* The General Partners and their affiliates may from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of a Fund and one or more other investment vehicles sponsored or managed by GRC. To the extent such fees, costs and expenses are incurred for the account or for the benefit of a Fund and one or more other investment vehicles sponsored or managed by GRC, such Fund and such other investment vehicles will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made or proposed to be made by each in respect of the entity to which the expense relates or in such other manner as the applicable General Partner considers fair and equitable. Although the General Partners and their affiliates will endeavor to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Notwithstanding the foregoing, the General Partners and their affiliates may in the future develop policies and procedures to address the allocation of expenses that differ from their current practice.

*Other Fees.* The General Partners and their affiliates may receive certain cash and non-cash fees from portfolio companies in connection with the purchase, monitoring or disposition of portfolio investments or in connection with unconsummated transactions (*e.g.*, transaction, directors, consulting, management, investment banking, advisory, closing, topping, break-up and other similar fees).

*Limited Recourse to the General Partner.* There are limited circumstances under which a General Partner can be held liable to the applicable Fund or its Limited Partners. Accordingly, it may be difficult for such Fund or Limited Partners to pursue any form of action against such General Partner.



**Item 9: Disciplinary Information**

---

Neither GRC nor its management personnel have any legal or disciplinary events that are material to a client's or a prospective client's evaluation of its advisory business or the integrity of its management.

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

---

GRC and its investment personnel are not registered, and have not applied to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or associated persons of a futures commission merchant, commodity pool operator or commodity trading advisor. In addition, GRC is currently not applying to register as a broker-dealer or a registered representative of a broker-dealer and does not intend to do so. Finally, GRC does not recommend nor select other investment advisers for its Clients.

### ***Other Activities***

Certain of GRC's employees, officers, members and/or affiliates serve (and may in the future serve) as directors, officers or committee members of various portfolio companies of the Clients. Such persons could face conflicts of interest between discharging their duties as directors, officers or committee members, as the case may be, of such companies and acting in the best interest of the relevant Client or GRC. As noted in Item 11 below, the Adviser has adopted a written Code of Ethics that contains policies and procedures to address conflicts of interest. Under such policies and procedures, the Adviser is required to make investment decisions for its Clients in a manner that is consistent with its fiduciary duties to its Clients.

### ***Third-Party Relationships***

As part of GRC's business, GRC and its personnel have developed many relationships with third parties, some of which could be viewed as significant, close or personal, which have the potential to raise conflicts of interest. Such third parties include, but are not limited to, entrepreneurs, former business associates, intermediaries, financial institutions, investment bankers, commercial bankers, financial advisors, attorneys, accountants, consultants, other individuals within their networks, private equity and venture capital funds and current and former directors, officers and employees of potential portfolio companies. Certain of such third parties may: introduce investment opportunities to the Clients; arrange for, or facilitate financing in, the purchase or recapitalization of potential portfolio companies; introduce portfolio companies to potential acquisition or merger candidates; introduce the Clients to potential buyers of portfolio company securities; facilitate the disposition of portfolio company securities; provide investment banking, consulting or advisory services to the Clients or a portfolio company; co-invest in a portfolio company; introduce or recommend private investment opportunities to GRC personnel or their friends and family members; or provide other significant business or investment services to the Clients, GRC, portfolio companies or GRC personnel and their friends and family members. GRC has compliance policies and procedures designed to monitor and, as necessary, mediate such significant relationships, but no guarantee can be made that such policies will prevent actions which are to the detriment of the Clients.

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

### ***Code of Ethics***

GRC has adopted a code of ethics (the “**Code of Ethics**”) in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). The Code of Ethics sets forth the rules for business conduct and personal investing activities of its employees. The Code of Ethics, among other things, sets ethical standards and requires compliance with the securities laws, safeguards material nonpublic information about the Clients’ transaction and portfolio holdings, and requires initial and annual reports of securities holdings of access persons.

Investors and prospective investors may obtain a copy of the Code of Ethics upon request in writing to GRC at the address on the cover of this Brochure or by contacting the Chief Compliance Officer at [desire.bates@greatrangecapital.com](mailto:desire.bates@greatrangecapital.com).

### ***Participation or Interest in Client Transactions and Personal Trading***

GRC’s employees may maintain positions in, or buy or sell, the same securities as a Client may buy or sell with written approval from the CCO. In cases such as this, employees and officers would have an interest in the success of a security that may be recommended to, owned by, sold for or purchased for such Client. Employees are not permitted to buy or sell any securities that are included on a restricted security list without prior written approval from the CCO.

Employees will not, directly or indirectly, acquire beneficial ownership in any personal account in any security in an initial public offering or in a limited offering (*i.e.*, a private placement) without the prior written consent of the CCO. Employees wishing to acquire beneficial ownership in any security in an initial public offering or in a limited offering must submit a written request to the CCO. If an employee is permitted to participate in such personal securities transaction, the CCO shall document the reasons for permitting such transaction.

## Item 12: Brokerage Practices

---

GRC has the authority to determine the securities that are bought and sold for the Clients, the amount of securities to be bought or sold, the broker dealer to be used (if any) and the brokerage commissions and other fees to be paid.

GRC expects that most if not all of the securities purchased for the Clients will be privately-issued rather than exchange-listed securities. If GRC purchases publicly-traded securities for the Clients, GRC will seek to obtain best execution for the Clients' transactions (*i.e.*, it will seek to obtain not necessarily the lowest commission or transactional fee but the best overall qualitative execution in the particular circumstances). Best execution means not only seeking to achieve the best price but also the consideration of many factors, such as the characteristics of specific trades, the security being traded, specific needs of Clients, conditions in the market at the time the order is placed and the overall efficiency of market structure. When selecting broker-dealers, GRC also may consider various factors and considerations deemed relevant or appropriate including, without limitation, execution capability, commission rate, the likelihood of price improvement, the speed of execution and likelihood of execution for limited orders, the ability to minimize market impact, the maintenance of confidentiality and responsiveness of broker-dealers.

GRC will aggregate such orders as it deems appropriate and in accordance with the Client's offering documents and in the best interests of the Client.

GRC does not have any formal or informal arrangements or commitments to use research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

**Item 13: Review of Accounts**

---

GRC reviews the Clients' performance at least quarterly, which includes a summary description of each portfolio investment, any material event regarding the business of the Clients, and each disposition of a portfolio investment during such quarter. Generally, investors will receive a quarterly letter summarizing the business activities and financial status of the applicable Client account.

With respect to accounting matters, the Funds have engaged an independent public accounting firm to conduct an annual audit of each Fund. The Funds will provide annual audited financial statements to all applicable investors.

**Item 14: Referrals and Other Compensation**

---

The Adviser at this time does not maintain any referral arrangements for Clients with individuals or entities that may be compensated, directly or indirectly.

**Item 15: Custody**

---

GRC has custody of the Funds' cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. In accordance with Rule 206(4)-2, the Funds' cash and securities (except for privately placed securities) are maintained at one or more qualified custodians. An independent public accounting firm, which is registered with and subject to inspection by the PCAOB, conducts annual audits of the Funds, and audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) are provided to investors on an annual basis. Such audited financial statements will be provided to investors within 120 days after the end of each fiscal year. Qualified custodians are not expected to provide account statements directly to investors.

**Item 16: Investment Discretion**

---

GRC has investment discretion over its Clients' assets, which is limited by the terms of the Clients' Offering Documents with the Client.



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

---

Rule 206(4)-6 under the Advisers Act requires every investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interests of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each adviser disclose to clients how they may obtain information on how the adviser voted their proxies.

Due to the nature of its investment activities, GRC generally does not expect to vote proxies with respect to securities owned by the Clients. Nevertheless, to the extent applicable, GRC will vote any proxies consistent with the best economic interests of the Clients and seek to identify any material conflicts of interests between the Clients' interests and its own interest within the proxy voting process. If GRC or one of its applicable employees faces a material conflict of interest in voting a proxy, GRC may engage an independent third party to vote such proxies or take such other actions as it deems necessary or appropriate to mitigate or ameliorate such conflict. Investors in the Clients generally may not direct or influence votes with respect to any proxy solicitation.

Any past proxy voting information would be made available to investors upon request. A copy of the policy and any past proxy voting information may be obtained by writing to GRC at the address listed on the cover of this Brochure or by contacting the Chief Compliance Officer at [desire.bates@greatrangecapital.com](mailto:desire.bates@greatrangecapital.com).

**Item 18: Financial Information**

---

GRC does not require or solicit prepayment of more than \$1,200 in fees from the Clients six months or more in advance and therefore has not included a balance sheet for its most recent fiscal year. GRC is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.