

**Item 1      Cover Page**

**VANTERRA CAPITAL LLC**  
SEC File Number: 801 – 78047

**BROCHURE**  
**DATED DECEMBER 31,**  
**2023**

Contact: Ryan Euell  
853 Broadway, Suite 1401  
New York, New York 10003

**This brochure provides information about the qualifications and business practices of Vanterra Capital LLC the “Registrant”. If you have any questions about the contents of this brochure, please contact us at (212) 231-3930. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**References herein to Vanterra Capital LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

**Item 2      Material Changes**

In January 2023, Vanterra HPH III, LP became a non-voting member of the general partner, HPH Specialized III GP, LP. Vanterra HPH III, LP was created to invest in HPH III Investments, LP, an affiliate of WM Partners, LP. Vanterra HPH III, LP committed \$20,500,000 to HPH III Investments, LP as of December 31, 2023.

In June 2023, Vanterra MixLab SPV, LLC was created to invest alongside Vanterra Ventures Fund II, LP with a commitment of \$3,100,000.

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

Item 1	Cover Page.....	1
Item 2	Material Changes.....	1
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	4
Item 6	Performance-Based Fees and Side-by-Side Management .....	6
Item 7	Types of Clients.....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9	Disciplinary Information .....	16
Item 10	Other Financial Industry Activities and Affiliations .....	16
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	17
Item 12	Brokerage Practices .....	17
Item 13	Review of Accounts.....	18
Item 14	Client Referrals and Other Compensation .....	18
Item 15	Custody.....	18
Item 16	Investment Discretion.....	18
Item 17	Voting Client Securities.....	18
Item 18	Financial Information .....	19

## Item 4            Advisory Business

- A. Vanterra Capital LLC (the “Registrant”) is a limited liability company formed on July 31, 2008 in the State of Delaware. The Registrant became registered as an Investment Adviser Firm in May 2013. The Registrant is principally owned by Shad Azimi. Mr. Azimi is the Registrant’s Managing Member.
- B. This Brochure generally includes information about Vanterra Capital LLC and its relationships with its clients, which are its Funds. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The Registrant may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, it considers appropriate, subject to each Fund’s investment objectives and guidelines.

The Registrant provides discretionary investment management services to Vanterra Advantage Master Investments, L.P., Vanterra Advantage Investments, L.P., Vanterra Advantage Offshore Investments, L.P., Vanterra Select Partners L.P., Vanterra Select Offshore Partners L.P., Vanterra Secondaries L.P., Vanterra Accelerator Fund, LP, Vanterra Ventures Fund II, LP, Vanterra HPH II, LP, Vanterra HPH III, LP, Vanterra Raw Sugar, LLC, and Vanterra MixLab SPV, LLC (the “*affiliated private funds*”). The *affiliated private funds* are offered to qualified investors in accordance with the terms and conditions of the *affiliated private funds*’ offering documents. The Registrant does not provide investment supervisory services to individual investors. Rather, the Registrant’s investment supervisory services are limited to its management of the *affiliated private funds*.

The Registrant does not provide financial planning, estate planning, insurance planning or any other related or unrelated financial planning or consulting services. The Registrant makes the affiliated private funds available to investors through introductions from investor’s adviser. As such, other than confirming that the prospective investor qualifies for either of the affiliated private funds per the responses set forth on the affiliated private funds’ subscription documents, the individual’s investment advisor (not the Registrant) maintains initial and ongoing responsibility to counsel its investor client as to the suitability of the affiliated private fund(s) and any of its (their) underlying investment strategies. The Registrant, on occasion, may take an interest in investments also held by the affiliated private funds. The Registrant owns an economic interest and serves as a General Partner of WM Partners LP. The Registrant, Vanterra HPH II, LP, and Vanterra HPH III, LP receive carried interest income from its investments with WM Partners, LP. The Registrant owns an economic interest and serves as a General Partner of Flight Lease Fund I, GP, LLC and Flight Lease Fund II, GP, LLC.

### MISCELLANEOUS

**Affiliated Private Funds.** As discussed above, the Registrant serves as the investment advisor to the *affiliated private funds* and provides discretionary investment management services to the *affiliated private funds*. The terms and conditions for participation in the *affiliated private funds* including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering documents.

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each investor for review and consideration. Unlike liquid investments that an investor may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective investor will be required to complete a Subscription Agreement, pursuant to which the investor shall establish that he/she/it is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Conflict Of Interest.** Because the Registrant earns compensation in the form of management fees and carried interest from the *affiliated private funds* the recommendation that an individual or institution become an investor in the *affiliated private funds* presents a conflict of interest. The Registrant's Chief Compliance Officer remains available to address any questions regarding this conflict of interest. The Registrant, on occasion, may take an interest in investments also held by the *affiliated private funds*.

**Investor Obligations.** In performing its services, Registrant shall not be required to verify any information received from an investor or from the investor's other professionals, and is expressly authorized to rely thereon. Moreover, each investor is advised that it remains his/her/its responsibility to promptly notify their investment adviser if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising previous recommendations made by their investment adviser.

**Please Note:** The advisor of each participant in the *affiliated private funds* (not the Registrant) maintains initial an ongoing responsibility to counsel its client as to the suitability of the *affiliated private fund(s)* and any of its underlying investment strategies.

- C. The Registrant only provides investment management services to the *affiliated private funds*. The Registrant provides investment advisory services that are specific to the needs of each of the *affiliated private funds*. The Registrant shall allocate investment assets consistent with the designated investment objective of the *affiliated private funds*.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2023, the Registrant had \$377,550,000 in assets under management.

## **Item 5 Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

The Registrant does not provide investment advisory services to individual investors. Rather, the Registrant's investment services are limited to its management of the *affiliated private funds*. As the investment adviser to the *affiliated private funds*, the Registrant shall receive compensation in the form of management fee and/or incentive fees.

As reimbursement for the management and administration of the *affiliated private funds*, the *affiliated private funds* will pay the Registrant an annual management fee of 0.5% to 2.0% payable on a semi-annual basis, based on commitment levels and invested capital, respectively. The Registrant, as the investment advisor for each of the *affiliated private funds*, may also receive a special allocation based upon the return of each limited partner's capital account. Each limited partner will be charged for the special allocation attributable to their capital account. The Registrant serves as the General Partner for Vanterra Secondaries L.P. and receives a performance fee, after return of capital and all preferred returns, of 10% to 20% on all investments based on the returns of each underlying investment. Vanterra Capital, Ltd, an affiliated entity and the General Partner to the *affiliated private funds* receives a performance fee, after return of capital and all preferred returns, of 5% to 20% on fund investments and up to 20% on direct investments (co-investments). Vanterra Capital, LLC charges a management fee to investors, excluding Vanterra Secondaries, LP, in Vanterra HPH II, LP. Vanterra Capital, LLC receives a fixed consulting fee from WM Partners, LP's. Vanterra Capital receives up to 15% of the carried from HPH II Investments Master Fund, LP that is split between Vanterra Capital, LLC and Vanterra HPH II, LP. Vanterra Ventures, LLC receives a portion of the carried interest received from WM Partners, LP from investors in Vanterra HPH II, LP. Vanterra HPH III, LP receives up to 9% of the carried from HPH III Investments, LP that is split between Vanterra HPH III, LP investors and Vanterra Ventures, LLC, an affiliate of Vanterra Capital, LLC. Vanterra Capital, LLC and Vanterra Capital, Ltd., the General Partner of Vanterra Select Partners, LP and Vanterra Select Partners Offshore, LP, receive a performance fee, after return of capital and all preferred returns, of 10% to 12.5% on all investments based on the returns of each underlying investment. Vanterra Ventures, LLC, an affiliated entity and the General Partner to Vanterra Accelerator Fund, LP, Vanterra Raw Sugar, LLC, and Vanterra MixLab SPV, LLC, receives a performance fee, after return of capital and all preferred returns, of 10% to 20% on all investments based on the returns of each underlying investment. For Vanterra Accelerator Fund, LP, the performance fee is then shared with Strategic Investors and Vanterra Ventures, LLC, 30% and 70% respectively. Vanterra Capital, LLC is a member of the general partner and investment manager for Flight Lease Master Fund I, LP and its feeders. Vanterra Capital, LLC receives approximately 33.3% of the management fees and Vanterra Ventures, LLC receives 37.0% of performance fees collected by the investment manager, Flight Lease Fund Management, LLC and general partner, Flight Lease Fund I, GP, LLC. A strategic investor receives 8.5% of the total carried interest at Flight Lease Master Fund I, LP, which is deducted from Vanterra Capital, LLC's carried interest allocation. Vanterra Ventures II, LLC, an affiliated entity and the General Partner to Vanterra Ventures Fund II, LP receives a performance fee, after return of capital and all preferred returns, of 20% on all investments based on the returns of each underlying investment. The performance fee is then shared with a Strategic Investor and Vanterra Ventures II, LLC, 25% and 75% respectively. Vanterra Capital LLC receives 26.6% of management fees from Flight Lease Master Fund II, LP and its feeders. Vanterra Ventures, LLC receives 29.6% of performance fees from Flight Lease Fund II, GP, LLC.

Please Note: For further information pertaining to the calculation of the Registrant's management fee and/or any incentive fees please review the affiliated private funds' subscription documents and private placement memorandum.

B. The affiliated private funds allow for the Registrant to deduct its fees directly from

fund assets in compliance with regulatory procedures. In the limited event that the Registrant bills the affiliated private funds directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill the affiliated private funds semi-annually in advance, based upon the commitment amount of each limited partner.

In the event that an affiliated private fund does not have sufficient liquid assets to pay the Registrant's fee, the fee shall accrue until such time that the affiliated private fund has sufficient liquid assets, at which time the Registrant shall collect the full amount of its fee.

C. The Registrant does not provide investment supervisory services to individual investors. Rather, the Registrant's investment supervisory services are limited to its management of the affiliated private funds. As such, the Registrant does not select and/or recommend broker-dealers to the affiliated private funds.

The Registrant pays all normal operating expenses incidental to the provision of the day-to-day administrative services to the affiliated private fund, including its own overhead. To the extent that the Registrant pays expenses that should be borne by an affiliated private fund, (i.e. insurance premiums; taxes; fees and expenses of accountants, counsel and consultants; costs and expenses of the Fund's board and annual meeting of limited partners; litigation expenses; and other extraordinary expenses) it is entitled to reimbursement by such affiliated private fund. Each affiliated private fund also bears all legal and other expenses incurred in the formation of the affiliated private fund and the offering of the limited partnership interests (other than any placement fees).

D. Registrant's annual investment advisory fee shall be prorated and paid semi-annually, in advance, based upon the commitment amount of each limited partner, as described above in Item 5.A. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. strategic nature, anticipated future additional assets, dollar amount of assets to be managed, etc.).

The *Investment Advisory Agreement* between the Registrant and the *affiliated private funds* will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund a prorated portion of the advance advisory fee, based upon the number of days remaining in the billing period.

E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Rule 205-3 of the Investment Advisers Act of 1940 permits a registered investment adviser to enter into a performance fee agreement with certain sophisticated clients who have the capacity to bear the potential additional risks of such a fee arrangement. An adviser can rely on Rule 205-3 only if the performance fee

agreement is with "eligible" clients. Eligible clients are defined in the Rule as natural persons and companies that have *either* at least \$1,000,000.00 under management with the Registrant immediately after entering into a performance fee agreement *or* a net worth at the time the agreement is entered into in excess of \$2,000,000.00 (i.e. a natural person's net worth may include assets held jointly with a spouse).

Consistent with the parameters of Rule 205-3 of the Investment Advisers Act of 1940 (to the extent Rule 205-3 is applicable), the Registrant (and/or Registrant's affiliated entities) may also receive, from its *affiliated private funds*, incentive or performance fee compensation on a fully disclosed written basis. The Registrant and its representatives manage the *affiliated private funds* that charge both a management fee and/or a performance based fee, this arrangement creates a conflict of interest. Because a portion of the Registrant compensation is dependent upon the *affiliated private funds'* performance, the Registrant and its representatives have an incentive to favor investments with a greater potential for higher returns. Investments with a greater potential for higher returns also often have a higher level of inherent risk. The Registrant's Chief Compliance Officer remains available to address any questions regarding this conflict of interest.

## **Item 7           Types of Clients**

The Registrant provides investment management services to the *affiliated private funds* and serves as the General Partner to Vanterra Secondaries, L.P.. The Registrant is also a Non-Voting Member of the General Partner of WM Partners, LP.

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

- A. The Registrant shall utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (investments held at least a year)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

The description set forth in this brochure of specific advisory services that the Registrant offers to the *affiliated private funds*, and investment strategies pursued and investments made by the Registrant on behalf of the *affiliated private funds* and should not be understood to limit the Registrant's investment activities. Subject to the investment strategies and limitations set forth in the limited partnership agreements of the *affiliated private funds*, the Registrant may offer any advisory services, engage in any investment

strategy and make any investment, including any not described in this brochure, that it considers appropriate. The investment strategies that the Registrant pursues are speculative and entail substantial risks. Limited partners to the affiliated private funds bear the risk of a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

The Registrant's investment objective is to provide investors with long-term compound annual returns that are superior to broader market averages and other alternative investment products. The managers of the Registrant (the "Principals") will seek to construct a private equity portfolio providing investors with long-term capital appreciation through:

**Fund Investments:** Investments in a portfolio of specialized private equity investment funds (the "Fund Investments") comprised of mostly of lower-middle-market private equity funds ("SEM Funds").

**Direct Investments:** Direct investments in securities of portfolio companies ("Direct Investments"), including (i) co-investments offered by Fund Investments and (ii) investments originated from the proprietary network of the Registrant and its affiliates.

### **Investment Process**

The Registrant's strategy is primarily based on identifying and performing due diligence on top-performing emerging managers who have a demonstrated expertise within a targeted sub-sector and distinct value-creation ability. The Registrant believes that its integrated model of investing in funds within identified target sectors and regions creates a network of key relationships and partners that will facilitate attractive direct investment opportunities. The Registrant is seeking to establish longstanding relationships with top-performing fund partners who will be able to act both as a source of high quality deal flow and as part of a unique due diligence network.

**Fund Investments** - The Registrant utilizes a thesis-driven macroeconomic "top-down" analysis to determine which strategies and industry sectors have the greatest potential to produce superior returns. After identifying these attractive sectors, Fund Investments will be selected on a fundamental "bottom's-up" basis following extensive manager due diligence and assessment of the prospects for the Fund Investments' strategy within an identified market. The Registrant will seek to make Fund Investments in Funds where it believes that it will have the ability to become a strategic limited partner and exert influence. The Registrant will focus on funds that can demonstrate a distinct competitive advantage over peer funds and serve as a resource to The Registrant for market intelligence.

**Direct Investments** - Direct Investments will be identified using a similar approach and will ultimately be selected based on conclusions derived from extensive due diligence and in-depth assessment, including discussions with the target company's management team and a detailed review of the target company's financial information and growth prospects. The Registrant will also seek to make Direct Investments. The Registrant will make two types of Direct Investments. It intends to co-invest alongside some of the managers with whom it is making Fund Investments. In addition, The Registrant anticipates that it will source and potentially lead transactions through its network of proprietary relationships, limited partners, and other private equity funds. The Fund will only pursue situations when it believes it has a significant competitive advantage and will seek to partner with other funds or financial partners who can add value by means of their relevant sector



expertise.

## **RISKS**

**No Assurance of Returns of Capital or Guarantee of Profit.** There is no guarantee against loss of some or all of a Limited Partner's investment. There can be no assurance that each *affiliated private fund* will achieve its investment objectives. There can be no assurance that the Registrant will be able to invest each of the *affiliated private fund's* assets in a manner that is profitable or avoid losses. The profitability of each *affiliated private fund's investment* program depends to a great extent on correct assessments of the future course of the relevant Portfolio Companies. There can be no assurance that the Registrant will be able to predict accurately such movements. There is unpredictability as to changes in general economic conditions, which may affect the profitability of the investment program of all or some of the Portfolio Companies and thus each *affiliated private fund*. The value of the Interests may go down as well as up and investors may not receive, upon termination of each *affiliated private fund* or otherwise, the capital originally invested. No near-term cash flow available to the Limited Partners from the *affiliated private funds* is expected and there can be no assurance that the *affiliated private funds* will make any distribution to its Limited Partners ever. Partial or complete sales, transfers or other dispositions of Portfolio Company investments that may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, no person should consider investing more than that person can comfortably afford to lose.

**Identification and Availability of Investment Opportunities.** The success of Fund Investments and Direct Investments and, in turn, the success of the Fund as a whole depends on the identification and availability of suitable investment opportunities. The availability of investment opportunities will be subject to market conditions and other factors outside the control of the Fund and the fund investments. There can be no assurance that the Fund or the fund investments will be able to identify sufficient attractive investment opportunities to meet their investment objectives. An investment in the Fund should only be considered by persons who can afford a loss of their entire investment.

**Competition for Access to Investments.** The General Partner, the Investment Manager and their affiliates seek to maintain excellent relationships with the general partners and managers of investment funds with which they have previously invested. However, because of the number of investors seeking to gain access to top-performing investment funds and other vehicles, there can be no assurance that the General Partner or the Investment Manager will be able to secure interests on behalf of the Fund in all of the investment opportunities that it identifies or in the expected number of fund investments in which the General Partner intends to invest pursuant to its investment strategy, or that the size of the interests available to the General Partner or the Investment Manager will be as large as it would desire.

**Overlapping Activities of Clients.** The Registrant serves, and may in the future serve, as investment adviser to a number of funds and other clients ("Clients"). The investment programs of some of the Clients may overlap. In addition, the Registrant may in the future manage additional programs for third parties where the investment programs of such third parties overlap with that of the Clients. This may result in competition between the Registrants' clients for the same investment opportunities. In addition, the Registrant may

engage in other transactions with affiliated parties on terms and conditions not determined through arm's length negotiations. In such cases, conflicts may arise in the allocation of co-investments and commitments to Clients and in the structuring, negotiation and pricing of co-investments.

Opportunities to invest in Fund Investments and Direct Investments will generally be allocated among the Clients by the Registrant in a manner that it considers fair, reasonable and equitable, based on the relative demand of the Fund and each Client, and taking into consideration the size of the opportunity, the available capital, strategic nature and suitability considerations, other anticipated opportunities and other relevant factors.

**Risks of Investing in SEM Funds.** The fund will be investing in SEM Funds and due diligence on small and emerging managers often requires a more comprehensive investor perspective to evaluate issues more commonly associated with emerging groups than with more established managers. As compared to more established managers these managers have a more limited track record, institutional experience and experience as working as team. Furthermore, these managers can be difficult to evaluate as a manager's actual contribution to various investment activities may often be difficult to determine.

**Due Diligence Risks.** The Registrant will be limited to the resources available to it in respect of a due diligence of any Portfolio Company or Fund. There can be no assurance or proper assessment of all of the significant risk factors or that such an assessment will lead to a successful investment. In addition, the Registrant's selection of Portfolio Companies and Funds will be based in large part on information and data provided directly or indirectly by the Portfolio Companies and Funds. Although the Registrant intends to evaluate such information and data and to seek independent corroboration when it considers it appropriate and when it is reasonably available, the Registrant will not be in a position to request or confirm the completeness, genuineness or accuracy of such information and data.

**Non-Control Positions.** The *affiliated private funds* may hold non-controlling investment interests in some or all Portfolio Companies and Funds in which it invests and the *affiliated private funds* will not have any control over management of some or all of the Portfolio Companies and Funds in which it invests. Consequently, the *affiliated private funds* will rely on the principals of each Portfolio Company and Fund for successful management of the Portfolio Company and Fund. The Registrant will have a limited ability to protect each *affiliated private fund's* position in any Portfolio Company or Fund. Further, the *affiliated private funds* may have no right to appoint a director of Portfolio Companies and Funds. This would further limit the Registrant's ability to protect each *affiliated private fund's* interests and to influence the Portfolio Company's or Fund's management. In such cases, the Limited Partners will be significantly reliant on the existing management and board of directors of such Portfolio Companies and Funds.

**Reliance on Fund Investment Sponsors.** The Fund will be investing primarily in Fund Investments sponsored by third parties. The Fund may not have an active role in the management of the assets of the fund investments including the valuation by the fund investments of their assets, and the Fund's ability to withdraw from or transfer its interests in such funds will be limited. As a result, the performance of the Fund will depend significantly on the investment and other decisions made by third parties, which could have a material adverse effect on the returns achieved by investors in the Fund. In addition, certain sponsors of fund investments may have additional relationships with

Quadrant holdings and/or Quadrant and its affiliates that may create conflicts of interests between the Fund and such Quadrant affiliates.

**Potential Lack of Diversification.** Although the Fund expects to invest in a diverse group of underlying companies across sectors and regions, the Fund may invest in investments that could potentially be concentrated in one investment category or in relatively few sectors or regions. As a consequence, the aggregate return on the Fund's investments may be adversely affected by the unfavorable performance of a particular investment category, industry or region and could be at a greater risk to overall changes in the economy or interest rates than if the Fund were less concentrated in a particular investment type. There can be no assurance that the Fund will be able to achieve its targeted allocations by investment category or diversify across vintage years or a broad range of investment categories, sectors and regions.

**Illiquid Investments.** The Fund's investments are highly illiquid, long-term investments. The Fund does not expect to be able to transfer its interests in, or to withdraw from, the investments. In addition, the investments generally will be investments for which no liquid market exists or will be subject to legal or other restrictions on transfer. The Fund and the fund investments may face reduced opportunities to exit and realize value from their investment in the event of a general market downturn or a specific market dislocation. As a consequence, the Fund or a fund investment may not be able to sell its investments when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Furthermore, under certain circumstances, distributions may be made by the Fund to Limited Partners in kind and could consist of securities for which there is no readily available market.

**Restrictions on Transfer and Withdrawal.** The Interests have not been registered under the Securities Act or any other applicable securities law. The Limited Partners may not sell, transfer, or pledge their Interests except with the consent of the General Partner, which may be withheld in its sole discretion. The Interests will not be redeemable, and voluntary withdrawals of the Limited Partners generally will not be permitted. There is no public market for the Interests and none is expected to develop. Consequently, the Limited Partners may be unable to liquidate their Interests before the end of the Fund's term.

**Exit Strategy Risk.** The Registrant's exit strategy for the *affiliated private funds'* investments may vary in line with general market conditions and other factors and is highly dependent on the respective underlying Portfolio Companies or Funds, its other shareholders, if any, managers, business model and its overall economic situation. There can be no assurance that a favorable exit strategy or any exit strategy for each *affiliated private fund* can or will be realized.

**Investments Longer than each *Affiliated Private Fund's* Partnership Term.** The Registrant may not be able to exit each of the *affiliated private fund's* Investments during the Term of each Partnership. Although the Registrant expects to be able to dispose of all Investments during the Term of the Partnerships there can be no assurance that a liquidity event will occur in respect of the applicable Portfolio Company or that the Partnerships will be able to otherwise dispose of all Investments as intended. In the event that an Investment is not disposed of prior to the expiration of the Term and is not suitable for in-kind distribution at dissolution, the Partnerships may have to sell, distribute or otherwise dispose of such Investments at a disadvantageous time as a result of dissolution which could result

in loss of investment.

**Political Risks in Emerging Markets.** The value of the Fund's assets may be adversely affected by political, economic and social factors in the emerging markets, including changes in law or regulations and the status of relations with other countries. In addition, the economies of the emerging markets may differ favorably or unfavorably from the economy of an investor's home country in such aspects as the rate of growth of GDP, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. The General Partners does not intend to obtain political risk insurance. Actions of the government of one of the emerging market countries in the future could have a significant effect on the its economy, which could affect private sector companies and the Fund, market conditions, and prices and yields of securities in the Fund's investments. The occurrence of circumstances which may give rise to political and economic instability in an emerging market country could adversely affect the political and economic stability of this emerging market country in which the Fund invests, and could consequently adversely affect the Fund.

**Legal Risks in Emerging Markets.** In general, the countries of the emerging markets lack fully developed legal systems and the bodies of law and practice normally found in countries with more sophisticated market economies. Laws affecting international investment and business continue to evolve, although at times in an uncertain and even arbitrary manner that may not coincide with local or accepted international practices. Laws and regulations, particularly those concerning foreign investment and taxation, can change quickly and unpredictably. Inconsistencies and discrepancies among the vast number of local, regional and national laws, the lack of judicial or legislative guidance on unclear or conflicting laws and broad discretion on the part of government authorities implementing the laws produce additional legal uncertainties. There can be no assurance that the regulatory environment in which the Fund will be operating will become stable in the future. The burden of complying with conflicting and capricious laws may have a material adverse impact on the operations of the Fund. The laws of the emerging market countries regulating ownership, control and corporate governance of companies are still evolving. In many emerging market countries, existing laws offer limited protection, at best, to minority shareholders. Management or controlling shareholders may be able to take actions against the interests of minority shareholders, which could result in share dilution. Further, insufficient regulation of the securities markets in certain of these countries poses risks to the operations of the Fund.

**Crime and Corruption in Emerging Markets.** Organized crime and corruption, including extortion and fraud, do occur in many emerging market countries. Property and employees of the Fund and its portfolio companies may be targeted as potential victims of theft, violence or extortion. Threats or incidents of crime may cause or force the Fund to cease or alter certain activities or liquidate certain investments, which may cause losses or otherwise have a material adverse effect on the Fund. Moreover, in most emerging market countries, there historically have existed ties between government, agencies or officials and private economic sectors that have resulted—and could in the future result—in preferential treatment, inefficient resource allocation, arbitrary decisions and other practices or policies that could have a material and adverse effect on the Fund's investments.

**Environmental Risks in Emerging Markets.** The Fund may face significant

environmental liability in connection with its investments in the emerging markets. The historical lack of environmental regulation in the emerging markets has led to widespread pollution of air, ground and water resources. The legislative framework for environmental liability has not been fully established or implemented. The extent of the responsibility, if any, for the costs of abating environmental hazards may be unclear when the Fund is considering any particular investment.

**Restrictions on Trade.** Compliance with trade restrictions, including but not limited to quotas, tariffs, customs duties and other assessments may significantly increase the cost of obtaining needed goods and ultimately reduce the amount that is realized upon the sale of investments. In addition, delays in obtaining licenses, approvals and authorizations are common and may adversely affect the operations of investments.

**Foreign Investment Risks.** Because non-U.S. entities are not subject to uniform accounting, auditing and financial reporting standards and practices comparable with those applicable in the United States, there may be different types of, and lower quality, information available about non-U.S. portfolio companies. Foreign economies may unfavorably differ from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments positions. In addition, in certain countries there may be the possibility of expropriation or confiscatory taxation, political or social instability, limitation on the removal of funds or other assets or the repatriation of profits, U.S. and non-U.S. withholding taxes, import duties or other protectionist measures, or political or diplomatic developments that could adversely affect the Fund's investments in non-U.S. portfolio companies, fund investments or the non-U.S. portfolio companies of fund investments.

**Foreign Currency Risks.** The Fund may invest a portion of its capital in investments based outside of the United States for which the currency is the Euro, the Brazilian Real or the Rupee or another non-U.S. dollar currency. In addition, these investments, as well as fund investments for which the fund currency is the U.S. dollar, may make investments denominated in currencies other than the U.S. dollar. Fluctuations in the exchange rate between the U.S. dollar and these other currencies will result in changes to the values, in U.S. dollar terms, of the Fund's Capital Commitments as well as the Fund's investments. The General Partner may, where it deems prudent and practicable, seek to mitigate the effect of such currency fluctuations by engaging in currency hedging activities, but it does not expect to eliminate the Fund's exposure to exchange rate fluctuations.

**Co-Investment with Third Parties.** A Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of such Fund, or may be in a position to take (or block) action in a manner contrary to such Fund's investment objectives. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

**Legal, Tax and Regulatory Rules.** Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect a Fund.

**Certain Tax Issues.** There may be changes in tax laws or interpretations of tax laws adverse to a Fund or its general and limited partners. There can be no assurance that the structure of a Fund or of any investment will be tax-efficient to any particular partner. In addition, there can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions to the partners in amounts necessary to permit the partners to pay all tax liabilities resulting from their ownership of interests. Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax-exempt and non-U.S. investors, with reference to any special issues that investment in the Fund may raise for such investors.

**General Economic Conditions.** General economic conditions may affect a Fund's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Fund or considered for prospective investment. The Registrant may determine to delay realization events to the limited partners as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned herein.

**Global Pandemic.** In addition to the global disruptive effects of COVID-19, we note that consumer, corporate and financial confidence may be materially and adversely affected by current and future tensions around the world, including, without limitation, terrorist activity and/or military conflicts, localized or global financial crises and other sources of political, social or economic unrest. The corrosive effects on financial confidence may cause serious and lasting economic downturns. Such confidence may also be harmfully affected by new types of viruses or infectious diseases. These events could implicate future political, social, and economic disruption and result in ripple-effect breakdowns, delays and uncertainty with respect to critical global, local and regional supply chains. In addition, the conditions for availability of credit may change and negatively impact investment objectives. Any of these potential disruptions may create unfavorable conditions for investment opportunities and reduce prospective liquidity. We expect all of these factors to increase the inherent uncertainty associated with assessing investment outcomes and future market conditions.

**Competitive Nature of a Fund's Business.** The business of a Fund is highly competitive. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Registrant. To the extent that a Fund encounters competition for investments, yields to limited partners may be reduced.

**Risks Upon Disposition of Investments.** In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Fund's limited partners.

**Follow-On Investments.** A Fund may be called upon to provide follow-on funding for its

portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that a Fund will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish such Fund's ability to influence the portfolio company's future development.

**Other Activities.** The Registrant will devote only so much time and attention to the business and affairs of the *affiliated private funds* as it, in its sole discretion, determines to be reasonably necessary to accomplish the purposes and to conduct the business of the *affiliated private funds*. Furthermore, the Registrant and/or affiliates may engage in, invest in, participate in or otherwise enter into other business ventures of any kind, nature or description, alone or with others, including, without limitation, the management of or investment in other investment or trading entities or vehicles or securities, and neither the *affiliated private funds* nor any Limited Partner shall have any right in or to any such activities or the income or profits derived therefrom. The officers and employees of the Registrant, including, but not limited to, the Key Persons, may spend a significant portion of their time on matters not or not specifically related to the *affiliated private funds*. As a result of the foregoing, conflicts of interest will arise, including in allocating management time, between the *affiliated private funds* and such affiliates. The *affiliated private funds* have an investment in WM Partners, LP, in which the Registrant has an economic interest. The Registrant has an economic interest in Flight Lease Fund Management, LLC, Flight Lease Fund I, GP, LLC, and Flight Lease Fund II, GP, LLC.

**Activities of Affiliates.** Affiliates of the Registrant will assist the sourcing, evaluating and performing due diligence on Portfolio Companies. While assistance to the Registrant by its affiliates will be valuable, the involvement of these affiliates in the investments of the *affiliated private funds* raises potential conflicts of interest between the interests of the *affiliated private funds* on the one hand and the affiliates and their respective clients on the other.

**Lack of Management Rights; Approval Process.** Limited partners of the Funds have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. The Registrant or its affiliates have ultimate authority to approve or disapprove acquisitions and dispositions made by the Funds.

**Reliance on Management of Portfolio Companies.** Although the Registrant will monitor the performance of each investment, Funds rely upon management to operate their portfolio companies on a day-to-day basis.

**Effect of Performance Fees - Carried Interest.** The existence of each General Partner's Carried Interest may create an incentive for such General Partner to make riskier or more speculative investments on behalf of their respective Fund than would be the case in the absence of this arrangement.

**Inflation Risk.** Client accounts may be subject to inflation risk. Inflation risk is the risk that the value of the investments or income from the investments will be lower in the future as inflation decreases the value of money. As inflation increases, the value of the investments in a client's account can decline.

**Cyber Security.** Keeping client information confidential is an important aspect in the financial

industry today. Although the Registrant has policies and procedures in place to monitor and protect against vulnerabilities to cyber attacks, there is no assurance that confidential client information would not be exposed to the threat of cyber attacks.

The Registrant's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Registrant has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Registrant may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in the Registrant's or the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Registrant's or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

- C. The Registrant does not provide investment supervisory services to individual investors. Rather, the Registrant's investment supervisory services are limited to its management of the *affiliated private funds*. Currently, the Registrant primarily allocates the *affiliated private funds*' assets among various private funds on a discretionary basis in accordance with the *affiliated private funds*' designated investment objectives.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. The Registrant receives compensation in connection with its role with WM Partners, LP funds. The Registrant may recommend that other affiliated private funds invest a portion of their assets in WM Partners, LP funds which represents a conflict of interest. As a General Partner of WM Partners, LP, the Registrant may receive additional compensation, directly or indirectly, from its relationships that give rise to the Registrant receiving more than the stated fees found in the subscription documents and/or private placement memorandum and creating an incentive for the Registrant and its representatives to favor investments in WM Partners, LP funds.



- E. The Registrant receives compensation in connection with its role with Flight Lease Fund I, GP, LLC, Flight Lease Fund II, GP, LLC and Flight Lease Fund Management, LLC. As a member of the general partners and investment manager, the Registrant may receive additional compensation, directly or indirectly, from its relationships that give rise to the Registrant receiving a percentage of the stated fees found in the subscription documents and/or private placement memorandum and creating an incentive for the Registrant and its representatives to favor investments in the Flight Lease Master Fund I, LP, Flight Lease Master Fund II, LP and feeder funds.
- F. The Registrant receives compensation in connection with its role with McLarty Capital Partners SBIC, LLC funds. The Registrant may recommend that other affiliated private funds invest a portion of their assets in McLarty Capital Partners SBIC, LLC funds which represents a conflict of interest. As a General Partner of McLarty Capital Partners SBIC, LLC, the Registrant may receive additional compensation, directly or indirectly, from its relationships that give rise to the Registrant receiving more than the stated fees found in the subscription documents and/or private placement memorandum and creating an incentive for the Registrant and its representatives to favor investments in McLarty Capital Partners SBIC, LLC funds.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. The Registrant's Principals may have a financial interest in which the Registrant or any related person of Registrant has a material financial interest.
- C. As disclosed above, the Registrant has a financial interest in the *affiliated private funds*. The terms and conditions for participation in the *affiliated private funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Because the *affiliated investment funds* invest directly in other funds, neither the Registrant nor its representatives will be in a position to materially benefit from the sale or purchase of securities.
- D. As indicated above in Item 11.C, because the *affiliated investment funds* invest directly in other funds, neither the Registrant nor its representatives will be in a position to materially benefit from the sale or purchase of securities.

#### **Item 12            Brokerage Practices**

The Registrant does not provide investment supervisory services to individual investors. Rather, the Registrant's investment supervisory services are limited to its

management of the *affiliated private funds*. As such, the Registrant does not select and/or recommend broker-dealers to its clients.

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

The Registrant does not provide investment supervisory services to individual investors. Rather, the Registrant's investment supervisory services are limited to its management of the affiliated private funds. An independent public accountant audits the affiliated private funds annually and audited financial statements are distributed to the individual investors of the affiliated private funds.

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

- A. The Registrant does not receive any economic benefit from any non-client for providing investment advisory services.
- B. Neither the Registrant nor its Representatives compensate non-supervised persons for client referrals.

#### **Item 15            Custody**

The Registrant is deemed to have custody of the *affiliated private funds*' cash and securities because, as the investment advisor to the *affiliated private funds*, it has the authority to transact on behalf of the *funds*. An independent public accountant audits the affiliated private funds annually and audited financial statements are distributed to the individual investors of the *affiliated private funds*. In the past, the *affiliated private funds* have not delivered audited financial statements on an annual basis, so the Registrant has engaged a qualified custodian in order to comply with the Custody requirements under Rule 206(4)-2(a)(1) and undergoes an independent verification in accordance with Rule 206(4)-2(a)(4).

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

The Registrant provides investment advisory services to the *affiliated private funds* on a discretionary basis. As defined in the *affiliated private funds*' operating agreement, the Registrant has full authority to buy, sell, or otherwise effect investment transactions involving the assets in the *affiliated private funds* discretionary account.

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

The Registrant does not provide investment supervisory services to individual investors. Rather, the Registrant's investment supervisory services are limited to its management of the *affiliated private funds*. The *affiliated private funds* are primarily invested in private companies which generally do not issue proxies. Therefore, the Registrant does not vote proxies on behalf of the *affiliated private funds*, nor will proxy solicitations need to be directed to the General Partners of the *affiliated private funds*. To the extent that the Registrant is required to vote proxies in the future, it will exercise such authority in a manner which it believes is in the best interests of the *affiliated private funds*.

## **Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200 per client, more than six months in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.