

Cynosure Partners

(A division of The Cynosure Group, LLC)

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March 29, 2024

This brochure provides information about the qualifications and business practices of Cynosure Partners, a division of The Cynosure Group, LLC. If you have any questions about the contents of this brochure, please contact us at 801-521-3100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about The Cynosure Group, LLC also is available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov (click on the link “Investment Adviser Search” and then select “Firm” and type in our advisory firm name “The Cynosure Group”).

The Cynosure Group, LLC is an investment adviser registered with the SEC (a “registered investment adviser”). This registration does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

No material changes to report.

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ITEM 4: ADVISORY BUSINESS

General Firm Overview

The Cynosure Group, LLC (“Cynosure” or the “Firm”), is a Utah limited liability company formed in 2015 and is registered with the SEC as an investment adviser, with its principal office in Salt Lake City, Utah, and places of business in the following states: California, Florida, Illinois, Massachusetts, New Jersey, and New York. Cynosure is principally owned by The Randal Quarles and Hope Eccles Family Trust and Spencer P. Eccles each owning more than 25%.

Cynosure offers advisory services in the following four divisions: Cynosure Partners, Cynosure Capital Management, Cynosure Wealth Advisors, and Cynosure Strategies

As of December 31, 2023, The Cynosure Group collectively managed approximately \$4,862,981,883 in discretionary assets and \$143,761,985 in non-discretionary assets across all three divisions. Launched on February 1, 2024, Cynosure Strategies’ AUM is not reflected in these figures.

The following sections of this brochure relate solely to Cynosure Partners. Each other division is described in greater detail in their own Brochure, which are available online at adviserinfo.sec.gov/firm/summary/281399.

Cynosure Partners

Assets Under Management

As of December 31, 2023, CP managed approximately \$2,332,268,096 in discretionary assets. Cynosure Partners (“CP”) primarily provides investment advisory services focusing on a private growth equity or private credit investment mandate. CP provides such investment advisory services, either directly or through co- and sub-advisory arrangements, to various Cynosure-sponsored pooled investment vehicles (each an “Advisory Client”¹).

In providing its services to each Advisory Client, CP and its related persons provide advice with respect to the investment and reinvestment of each Advisory Client’s assets and may assist in coordinating reports to investors. CP manages the assets of each Advisory Client in accordance with the terms of the private placement memorandums, limited partnership agreements, investment advisory agreements, side letters, and other governing documents (“Governing Documents”) applicable to such Advisory Client.

CP does not tailor its advisory services to the individual needs of investors in its Advisory Client investment vehicles; CP’s investment advice and authority for the Advisory Client is tailored to the investment objectives of that Advisory Client. These objectives are described in the private placement memorandums, limited partnership agreements, investment advisory agreements, side letters and other Governing

¹ “Advisory Client” means any fund, pooled investment vehicle for which Cynosure directly or indirectly provides investment advice and/or places trades on a discretionary or nondiscretionary basis. The investors and other persons who invest in Cynosure-sponsored pooled investment vehicles are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the term “Advisory Clients” does not include “investors”.

Documents of the relevant Advisory Client. Investors in such Advisory Clients generally cannot impose restrictions on investing in certain securities or types of securities. Investors in such Advisory Clients participate in the overall investment program for the Advisory Client and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Governing Documents.

CP identifies investment opportunities and participates in the acquisition, management, monitoring, and disposition of investments for each Advisory Client. CP closely analyzes investment opportunities in a wide range of companies, from small-cap growth companies to larger, more mature companies, in industries that have ranged from quick service restaurants to financial technology, and in geographies including North America, Asia, and Europe. Private equity investments take the form of privately negotiated investment instruments, including unregistered equity securities of both U.S. and non-U.S. issuers.

Interests in Advisory Client pooled investment vehicles advised by CP are privately offered only to eligible investors pursuant to exemptions available under the United States Securities Act of 1933, as amended (the “Securities Act”), and the regulations promulgated thereunder. Such Advisory Client pooled investment vehicles, including parallel and co-investment vehicles, are not registered with the SEC as investment companies based on specific exclusions from the United States Investment Company Act of 1940, as amended (the “1940 Act”). Typically, interests in Advisory Client investment vehicles are offered to institutional investors, high net worth individuals as well as non-U.S. investors. Additionally, CP, Cynosure, its affiliates, and equity owners, and certain of its respective professionals typically invest in or alongside Advisory Clients. Other qualified individuals who generally are not employees of Cynosure, but who have or had business relationships with Cynosure or industry expertise in the sector in which a particular Advisory Client may be investing (including, without limitation, operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals) are also expected to invest in or alongside Advisory Clients. Some of these outside investors and industry experts are current or former executives of portfolio companies in which an Advisory Client investment vehicle will invest.

ITEM 5: FEES AND COMPENSATION

CP generally receives management fees, incentive fees, carried interest or similar profit allocations from Advisory Clients. Advisory Clients frequently also indirectly incur or generate other fees payable to Cynosure, depending on the nature of their portfolio activities. In addition, Advisory Clients typically bear certain out-of-pocket expenses incurred by Cynosure, CP, or its affiliates in connection with the services provided to such Advisory Clients.

The following sections discuss the most common fees and expenses in more detail.

Common Types of Fees – Management Fees and Administration Fees

Management Fees

The annual management fee is typically a set percentage of third-party investors’ committed capital during the relevant Advisory Client’s investment period. After such investment period, the fee percentage is typically applied only to the amount of third-party capital remaining in investments that have not yet been exited, and the fee percentage also may be reduced. However, to the extent such reduction in fee

is triggered during a management fee period of the applicable Advisory Client, such reduction may not be effective until the first day of the next management fee period. Also, if the fee base changes during a period for which fees have been called in advance, any excess fees paid generally are not returned to the investor.

Management fees are generally paid by or on behalf of an Advisory Client by (i) requiring investors in such Advisory Clients to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such Advisory Client.

Performance-Based Arrangements

Distributions to investors in most Advisory Clients are subject to some form of carried interest or similar profit allocation for the benefit of CP and affiliates. Generally, these profit allocations represent a share of distributions made by an Advisory Client more than the relevant investors' invested capital, and allocable fees and expenses. Determinations of whether performance-based profit allocations will be applied will be made each time an investment is realized or on an annual (or more frequent) basis with respect to certain Advisory Clients.

For any Advisory Client, performance fees, incentive fees or carried interest allocations may be subject to certain preferred return hurdles, catch-up allocations, and high-water marks. The manner of calculation and application of performance fees, incentive fees or carried interest profit allocations are disclosed in the offering documents for, and detailed in the governing agreements of, each Advisory Client.

Management fees, incentive fees and carried interest or similar profit allocations are subject to modification, waiver, or reduction in connection with an investment in one or multiple Advisory Clients. Furthermore, CP, Cynosure, its affiliates, and equity owners, and certain of their respective professionals typically invest in or alongside Advisory Clients. Other qualified individuals who generally are not employees of Cynosure, but who have or had business relationships with Cynosure, CP, or industry expertise in the sector in which a particular Advisory Client may be investing (including, without limitation, operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals), also invest in or alongside Advisory Clients. Fees assessed or profit allocations on such investments will likely be substantially reduced or as is more typical, waived altogether for these investors.

Please also see [Item 6](#) for additional disclosures related to performance-based fees.

Side/Commitment Letters

As described more fully in [Item 11](#), Cynosure and its related entities may enter into side letter agreements or Investment Management Agreements (also referred to as, "Commitment Letters") with certain investors in an Advisory Client pooled investment vehicle providing such investors with customized terms, which could result in preferential treatment for certain investors.

Portfolio Company Service Fees

CP earns fees and other compensation from prospective and actual portfolio companies, purchasers, sellers, and other parties as compensation for services (collectively, "Service Fees"). These Service Fees

can include project, structuring, topping, termination, break-up, directors', organizational, set-up, syndication, closing, commitment, advisory, consulting, and other similar fees in connection with the purchase, monitoring, or disposition of underlying investments or from unconsummated transactions. In general, the specific legal and/or organizational documents of the relevant Advisory Client, the investment management agreement between Cynosure (or an affiliate) and such Advisory Client or the agreements in respect of the portfolio investments describe the basic fee structure relevant to the investors in such Advisory Client. To the extent provided in such organizational documents or investment management agreement, Cynosure's management fees from Advisory Clients generally are reduced (offset) by a specified portion of the Service Fees that arise out of such Advisory Client's investment activities. The Service Fees can be and often are substantial, and if not fully offset pursuant to organizational documents will be indirectly borne by investors.

Certain fees are excluded from the definition of "Service Fees" and not subject to a management fee offset. In addition, Cynosure and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of Advisory Clients that will not be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Advisory Client expenses typically result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to Cynosure and/or such personnel (and not the Advisory Clients, investors and/or portfolio companies) even though the cost of the underlying service is borne by the Advisory Clients, investors and/or portfolio companies.

Other Fees

To the extent Cynosure or an affiliate thereof is entitled to receive certain fees from portfolio companies of an Advisory Client, a portion of such Advisory Client's share of such fees paid to Cynosure or such affiliate typically reduces the management fees otherwise payable to Cynosure. The Governing Documents of each Advisory Client sets forth the basis on which such fees reduce management fees, if at all. Certain of these fees are described below.

Acquisition and disposition fees are one-time fees paid to Cynosure or one of its affiliates in connection with an investment or disposition by an Advisory Client. Such fees are generally paid by portfolio companies, but in limited circumstances are paid directly by an Advisory Client. Such fees are common to some, but not all Advisory Clients.

CP engages and retains operating executives, operating advisors, consultants, former employees, senior advisors, and other similar professionals, in all cases, who are not employees of Cynosure ("Operating Professionals"). Operating Professionals receive payments from, or allocations with respect to, portfolio companies (as well as from Advisory Clients) for their services (including for serving on a portfolio company's board of directors). In such circumstances, such payments from, or allocations with respect to, portfolio companies and/or Advisory Clients will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Cynosure, be deemed paid to or received by Cynosure (nor will such amounts be deemed paid to or received by affiliates or personnel of Cynosure) and such amounts will not be subject to the management fee offset provisions described in Item 5 (meaning that such compensation received from the portfolio company will be indirectly borne by the Advisory Client without

any offset to such Advisory Client's management fee). To the extent Operating Professionals are engaged through a retainer agreement with Cynosure, Cynosure may elect to bear the expense of base retainer fees, while in other cases, Advisory Clients may bear such fees. These Operating Professionals may have the right or may be offered the ability to co-invest without fees or carry alongside or in Advisory Clients, including in those investments in which they are involved, receive in-kind payments such as stock or stock options, or otherwise participate in equity plans for management of any such portfolio company (which may have the effect of reducing the amount invested by and returned in respect of an Advisory Client investment). Additionally, and notwithstanding the foregoing, these Operating Professionals may be (or have the preferred right to be) investors alongside or in other Advisory Clients. Operating Professionals are expected to be compensated (including pursuant to retainers and expense reimbursement) by Cynosure, an Advisory Client and/or portfolio companies or otherwise uncompensated unless and until an engagement with a portfolio company develops. Certain Operating Professionals will be subject to contractual obligations to exclusively provide certain services to Cynosure.

CP may have a conflict of interest to the extent that it has an opportunity to earn a fee from an investment held by an Advisory Client. Other than transactions expressly permitted by the governing agreements of the relevant Advisory Client, any fees paid to CP or its affiliates by a portfolio company or an Advisory Client are generally assessed on an arm's-length basis on terms that CP believes are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party, are generally no less favorable than market terms, or such fees may be subject to approval. Among the measures CP uses to mitigate such conflict is involving outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms. Please also see Item 11 for additional information on how Cynosure addresses certain conflicts of interest.

Common Types of Expenses

Pooled Investment Vehicles – General Expenses

Expenses that are typically borne by Advisory Clients (or their respective portfolio companies) generally include, certain organizational expenses that are incurred in connection with the formation of the Advisory Client's pooled investment vehicle and the offering of interests in it to potential investors, including but not limited to: legal fees and expenses, including for preparing offering materials and preparing and negotiating the Governing Documents; and other expenses related to formation of the Advisory Client's pooled investment vehicle.

Additionally, and consistent with its Governing Documents, each Advisory Client's pooled investment vehicle also generally bears all of the expenses relating to its activities, operations, meetings and eventual liquidation, including, without limitation and to the extent provided in the applicable Governing Documents, all out-of-pocket fees, costs and expenses incurred in developing, bidding on, evaluating, negotiating, structuring, obtaining regulatory approvals for, purchasing, trading, settling, monitoring, maintaining custody of, financing, accounting, monitoring, holding and disposing of actual investments (to the extent not reimbursed by an entity in which the Advisory Client's pooled investment vehicle has invested or proposes to invest, or other third parties). Additionally, the Governing Documents of each Advisory Client's pooled investment vehicle generally permit the Advisory Client, subject to certain limitations, to borrow funds to pay the expenses described above.

Please also see Item 11 for additional conflicts of interest disclosures related to the allocation of fees and expenses by CP.

Broken Deal Expenses

Investors in certain Advisory Clients generally are required to bear out-of-pocket costs and expenses incurred in connection with developing, negotiating, and structuring deals that are not ultimately completed. Typically, these expenses include (i) legal, accounting, advisory, consulting or other third party expenses (including, without limitation, amounts payable to Operating Professionals and other third parties) in connection with making an investment that is not ultimately consummated, and any related travel and accommodation expenses (whether incurred by third parties or by CP), although, in some cases, CP and its affiliates may be required to bear travel and accommodation expenses, (ii) all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment that is not ultimately made (including all fees, costs and expenses incurred in connection with the offering of interests in any Cynosure-affiliated investment vehicle formed for co-investors to participate in an Advisory Client's proposed investment that is not ultimately made), (iii) any out of pocket fees, costs and expenses paid to an individual or group pursuing a business plan that is not successfully implemented, (iv) any break-up, reverse break-up, topping, termination and other similar fees payable by an Advisory Client in connection with investments that are not ultimately made and (v) any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not ultimately made (in each case, to the extent such investment is not ultimately made by another Advisory Client). Co-investment vehicles (particularly those formed to invest alongside an Advisory Client fund in a single investment) generally will not share in broken deal expenses. Investing in an Advisory Client does not give investors any rights, entitlements, or priority to co-investment opportunities.

Expenses incurred on an aggregate basis for the benefit of multiple Advisory Client's pooled investment vehicles are allocated across the participating Advisory Clients' pooled investment vehicles in a manner CP determines to be reasonable and fair to all parties. Please also see Item 11 for additional conflicts of interest disclosures related to the allocation of fees and expenses by Cynosure.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Cynosure currently acts as investment adviser to Advisory Clients, and related persons typically act as general partners (or similar managing fiduciaries) with respect to such Advisory Clients. As discussed in Item 5, Cynosure and its affiliates will receive carried interest allocations and management, incentive, and other fees in connection with advisory and other services provided to certain Advisory Clients. The relationship of Cynosure, the manner of calculation and application of management fees and carried interest profit allocations, incentive fees or other performance-based fees, as applicable, with respect to Cynosure, the affiliated general partner (or similar managing fiduciary) or other affiliates and known or reasonably anticipated conflicts of interest involving Cynosure or its affiliates, are disclosed in the offering documents of the applicable Advisory Client provided to potential investors prior to their investment.

In allocating investment opportunities, there could be incentives to favor Advisory Clients with higher potential management or performance fees, incentive fees or carried interest allocations over Advisory

Clients with lower potential performance fees, incentive fees or carried interest allocations. Additionally, performance fee, incentive fee or carried interest allocations may create an incentive for the general partner (or similar managing fiduciary) of an Advisory Client's pooled investment vehicle to make riskier or more speculative investments on behalf of an Advisory Client than would be the case in the absence of this arrangement.

To seek to reduce the effect of such incentives, Cynosure and its affiliates have adopted written policies and procedures pursuant to which they seek to allocate investment opportunities that may be appropriate for more than one Advisory Client in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, focus, mandate or policies, risk tolerance, return targets, projected hold periods, diversification considerations, permissible and preferred asset classes, and liquidity needs of each Advisory Client.

Please see Item 11 for a further description of Cynosure's investment opportunities allocation policies.

ITEM 7: TYPES OF CLIENTS

CP's Advisory Clients are pooled investment vehicles (or "PIVs"). The PIVs themselves are exempt from registration under the Investment Company Act of 1940 ("Company Act") pursuant to section 3(c)(1) or 3(c)(7) and thus are deemed to be "Private Funds" under the SEC's classification. Investors in such pooled investment vehicles may include among others, high-net worth individuals, and families; trusts, estates, or charitable organizations; corporations and businesses.

CP typically requires that each third-party investor in an Advisory Client be a "accredited investor" as defined in Regulation D under the Securities Act, qualified clients as defined under the Advisers Act and a "qualified purchaser" as defined in the Company Act but will be specified in the Governing Documents of the applicable pooled investment vehicle. Typically, a minimum investment amount is imposed on third parties investing in the Advisory Client for which Cynosure acts as investment adviser. This minimum often is set at \$500,000 – \$1 million but can be subject to a reduction upon agreement by CP.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

CP uses a range of methods to identify, analyze and assess potential and existing investment opportunities, descriptions of which are included in the applicable Governing Documents. This may include arrangements with affiliated or unaffiliated advisers for the purpose of obtaining analyses that would assist the applicable investment committees in their investment decision-making process. More specific descriptions are provided below regarding the investment strategies and investment processes. As a general matter, analytical methods used by the investment teams can include gain/loss forecast models, cash-flow models, other financial modeling and simulation, risk sensitivity analyses, charting, and fundamental, technical, and cyclical analysis.

CP primarily seeks to make significant investments in operating companies, with a focus on buyout and growth capital transactions. In a leveraged buyout transaction, CP seeks to (i) acquire a portfolio company with material prospects for growth in value; (ii) potentially finance the acquisition using leverage from debt incurred by such companies or by the Advisory Client's pooled investment vehicle (iii) motivate and incentivize management of such portfolio company in an effort to increase shareholder value; and (iv) sell its interest in the portfolio company when the value of the business has significantly increased. In a growth capital transaction, CP seeks out companies with a high potential for growth, strategic redirection, and operational improvements.

In evaluating a potential portfolio company, CP conducts extensive due diligence to analyze, among other things, the portfolio company's market, and competitive position within that market; cost and revenue structures; unique assets, such as brand strength, distribution capability and intellectual property; management team and compensation structure; contingent liabilities (environmental, regulatory, accounting or otherwise); potential growth opportunities; and potential exit strategies.

As it relates to fund allocations and formations, and direct real estate investments, CP seeks strategic partnerships, including forming or seeding new investment products with external managers that bring a complementary expertise to Cynosure.

Risk of Loss

As with any investment strategy, the investment programs developed by CP involve a number of significant risks. The following is a discussion of some of the primary risks; however, it is not possible to identify all the risks associated with investing, and the particular risks applicable to an Advisory Client will depend on the nature of the investments chosen.

An investment in any Advisory Client involves a high degree of risk and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in such Advisory Client and for which such Advisory Client does not represent a complete investment program. There can be no assurance that the investment objective or targeted returns of any Advisory Client will be achieved, that any Advisory Client will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Advisory Client. The discussion below enumerates certain, but not all, risk factors that apply generally to an investment in any Advisory Client. In addition, there will be occasions when the general partner of an Advisory Client, Cynosure and/or their respective affiliates encounter potential conflicts of interest in connection with such Advisory Client.

Prior to making any investment in an Advisory Client, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Advisory Client.

No Assurance of Investment Return

An investment in an Advisory Client requires a long-term commitment, with no certainty of return. CP cannot provide any assurance whatsoever that it will be able to choose, make and realize investments in

any particular company or portfolio of companies for any Advisory Client. There can be no assurance that any Advisory Client will (i) be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of investments in which such Advisory Client participates or (ii) make any distribution to its investors. Furthermore, distributions to such Advisory Client's investors may be subordinated in the event of a default under any credit facility of such Advisory Client or its related entities. Accordingly, an investment in an Advisory Client should only be considered by persons for whom a speculative, illiquid, and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past activities of investment entities associated with Cynosure, or any Advisory Client provides no assurance of future success. **Past performance is not necessarily indicative of future results and all investors should be prepared to lose the value of their investment. There can be no assurance that projected or targeted returns for any Advisory Client will be achieved.**

Lack of Operating History

Each Advisory Client's pooled investment vehicle will initially be a newly formed entity which has not commenced operations and therefore will have no operating history upon which an investor may evaluate its performance. There can be no assurance that any such Advisory Client pooled investment vehicle will be able to implement its investment strategy and investment approach or achieve its investment objective or that an investor will receive a return of its capital. Past performance of investment entities associated with Cynosure is not necessarily indicative of future results and there can be no assurance that an Advisory Client's pooled investment vehicle will achieve comparable results or that targeted returns will be met. Moreover, each such Advisory Client is subject to all the business risks and uncertainties associated with any new investment vehicle, including the risk that it will not achieve its investment objective and that the value of an interest in such investment vehicle could decline substantially. Accordingly, investors should draw no conclusions from the prior experience of Cynosure, the investment professionals of CP, or the performance of any other Cynosure investments and should not expect to achieve similar returns.

General Economic and Market Conditions

The success of an Advisory Client's activities will be affected by the continued economic volatility as well as general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of an Advisory Client's investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations or public health considerations).

Common Risks Associated with Investing in Securities Generally

Investments in securities may be subject to a number of risks, including the following:

- **Current Market Conditions.** In recent years, global debt and equity markets have experienced increased volatility and turmoil, which can adversely affect a portfolio.
- **Liquidity in Financial Markets.** The financial markets in the U.S. and elsewhere have experienced a variety of difficulties and changed economic conditions, which could adversely affect the value of a portfolio's assets.

- **Government Intervention and Market Disruptions.** The global financial markets have undergone fundamental disruptions that have led to extensive and unprecedented government intervention that could prove detrimental to the efficient functioning of the markets and adversely affect a portfolio.
- **Inflation.** Inflation and rapid fluctuations in inflation rates have had in the past, and could in the future have, negative effects on the economies and financial markets, which may in turn affect the markets in which an Advisory Client invests. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. Governmental efforts to curb inflation, such as (for example) raising interest rates, often have negative effects on the level of economic activity. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on an Advisory Client's investment returns.
- **Force Majeure Events.** There is a risk that a Client's investments will be impacted by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, such as energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). Certain force majeure events (such as an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries or jurisdictions in which investments are located. Additionally, a major governmental intervention into industry, including but not limited to the nationalization of an industry or the assertion of control over an investment, could result in a loss to a client. Any of the foregoing would therefore adversely affect the performance of an Advisory Client's investments.

Common Risks Associated with Equity Investments

Investments in equity securities may be subject to a number of specific risks, including the following:

- **Equity Securities.** Equity securities (stocks) held in a portfolio may decrease in response to activities of companies or market and economic conditions.
- **Growth Stocks.** Growth stocks may be more sensitive to market movements because their prices tend to more heavily reflect future investor expectations rather than just current profits. They may also underperform value stocks during given periods.
- **Value Stocks.** Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time. They may also underperform growth stocks during given periods.
- **Small-Capitalization Companies.** Small cap stocks may exhibit erratic earnings patterns, competitive conditions, limited earnings history, and a reliance on one or a limited number of products.
- **Initial Public Offerings.** Initial public offerings (IPOs) are subject to high volatility and limited availability.
- **Private Placements.** Private placements may be classified as illiquid and be difficult to value.

- **Derivative Securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses in a portfolio that substantially exceed the initial amount paid or received from the investment.

Common Risks Associated with Fixed Income Investments

Investments in fixed income securities can expose clients to certain specific risks such as the following:

- **Credit Risk.** Fixed income securities (bonds) are subject to the risk that the bond issuers may not be able to meet interest or principal payments when the bonds come due.
- **Below Investment Grade Rated Securities.** Below investment grade bonds are subject to a higher probability that the issuers may not be able to meet payment of interest or principal on a timely basis or at all. These securities also may be less liquid than investment grade securities and experience higher price volatility. It may not be possible to sell these securities at the desired price and within a given time period.
- **Interest Rates.** Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall. Interest rates continue to be at historic lows. Investments with longer maturities, which typically provide higher yields than securities with shorter maturities, may subject a portfolio to increased price changes resulting from market yield fluctuations.
- **Income Risk.** The income received by a portfolio may decrease as a result of a decline in interest rates.
- **Prepayment Risk.** There is a risk of prepayment in mortgage- and asset-backed securities. This risk arises when market interest rates are below the interest rates charged on the loans that comprise the securities. Elevated prepayment activity may result in losses in these securities.
- **Liquidity Risk.** Investments that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active investments. It may not be possible to sell or otherwise dispose of illiquid securities both at the price and within a time period deemed desirable. Securities subject to liquidity risk include emerging market securities, Rule 144A securities, below investment grade securities and other securities without an established market.
- **Foreign Investments.** Foreign investments often involve additional risks, including political instability, differences in financial reporting standards and less stringent regulation of securities markets.
- **Derivative Securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- **Rule 144A Securities.** Rule 144A securities are not registered for resale in the general securities market and may be less liquid than registered securities.

Common Risks Associated with Alternative Investments

Investments in alternative investment strategies (such as private equity, private debt, hedge fund, real asset, and dynamic allocation strategies) can expose clients to certain specific risks associated with the following:

- **Derivative Securities.** Derivatives may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in value of the underlying security. The use of derivatives can result in losses that substantially exceed the initial amount paid or received.
- **Short Sales.** A short sale involves the risk of a theoretically unlimited increase in the market price of a security sold short, which could result in an inability to cover the short position and a theoretically unlimited loss.
- **High Yield Securities.** High yield securities are rated in the lower rating categories by the various credit agencies and are subject to greater risk of loss of principal and interest than higher rated securities. High yield securities generally are considered predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.
- **Options.** Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so an investor loses their premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security, which could result in a potentially unlimited loss.
- **Foreign Securities.** Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- **Foreign Currency Markets.** Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in a portfolio.
- **Currency Risks.** Investments denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more currencies.
- **Interest Rates.** Interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed income securities to fall.
- **Leverage.** The use of borrowing (leverage) exposes an investor to additional levels of risk including greater losses from investments than would otherwise have been the case without borrowing; margin calls or changes in margin requirements may force premature liquidations of investments; and losses on investments where the investment fails to earn a return that equals or exceeds the cost of the leverage.
- **Lack of Diversification.** Alternative investment funds may not generally be as diversified as other investment vehicles. Accordingly, such investments may be subject to more rapid change in value than would be the case if the funds were required to maintain a wide diversification among types of securities, geographical areas, issuers, and industries.
- **Event-Driven Trading.** Event-driven trading involves the risk that the event identified may not occur as anticipated or may not have the anticipated effect, which may result in a negative impact upon the market price of securities held in the portfolio.
- **Liquidity.** A portfolio's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are

restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.

Common Risks Associated with Non-U.S. Investments

In addition to the risks associated with investing in equity securities described above, investments in non-U.S. securities can expose clients to certain additional risks, including the following:

- **Foreign Markets.** Foreign markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.
- **Foreign Securities.** Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.
- **Foreign Currency Markets.** Investments in foreign securities expose a portfolio to fluctuations in currency exchange rates, which may adversely affect the value of investments in foreign securities held in a portfolio.
- **Emerging Markets.** Securities traded in certain emerging markets may be subject to risks due to the inexperience of financial intermediaries, the lack of modern technology, the lack of a sufficient capital base to expand business operations, and the possibility of temporary or permanent termination of trading. Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and emerging markets may lack the social, political, and economic stability characteristics of more developed countries.

Private Equity and Hedge Funds

An Advisory Client may invest in securities representing limited partnership interests (or their equivalent) in private equity and hedge funds. Such investments are generally subject to the risks with respect to restrictions on transfer or resale, the lack of liquidity to which such investments may be subject and the effect of such illiquidity on valuations, and the loss of certain protections offered under the securities laws to holders of registered securities. In addition to the foregoing, an Advisory Client's investments in hedge funds could be subject to other risks, including, without limitation, the risk that restrictions on redemptions may prevent a client from exiting a hedge fund investment during periods of market stress. Investments in private equity and hedge funds are speculative and could subject a client to the risk that the strategy chosen by the fund's investment manager to achieve the fund's objective will not be successful. As a limited partner (or its equivalent), the client will have little or no control over the management of a private equity or hedge fund in which it is invested or the investment decisions of the fund's investment manager.

Illiquid and Long-term Investments

Investment in an Advisory Client's pooled investment vehicle may require a long-term commitment with no certainty of return of capital. Investments made by Advisory Clients will in general be highly illiquid, and there can be no assurance that an Advisory Client will be able to realize on such investments in a timely manner. Although some investments may generate current income, the return of capital and realization of gain, if any, from some investments will occur only upon the partial or complete disposition or refinancing of such investment.

Hedging

In connection with certain investments, an Advisory Client may employ hedging techniques designed to reduce the risk of adverse movements in interest rates, securities prices, and currency exchange rates. While an Advisory Client may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates, or the transactional fees associated with such mechanisms may result in a poorer overall performance for such Advisory Client than if it had not entered such hedging transactions.

Nature of Fund Investments; Risk of Single Investments

The Advisory Client's pooled investment vehicle can make single investments in companies, which may include under-performing, leveraged, or financially stressed or distressed companies. Such investments will necessarily have significant risks as a result of business, financial or legal uncertainties. There can be no assurance that the nature and magnitude of the various factors that could affect the value of such investments will be evaluated correctly. In addition, certain portfolio companies of the Advisory Client's pooled investment vehicle investments may be in businesses with little or no operating history.

Cybersecurity Breaches, Identity Theft, Privacy Breaches, and Other Threats

Cynosure'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 its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. Cynosure has policies and procedures and has implemented various measures to manage the risks related to these events; however, if these systems are compromised, become inoperable for extended periods of time, or cease to function properly, Cynosure may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Cynosure's operations and result in a failure to maintain security, confidentiality, or privacy of sensitive data, including personal information relating to its clients. Such a failure could harm Cynosure's reputation or subject it or its affiliates to legal claims or otherwise affect their business and financial performance, potentially resulting in financial loss. Additionally, any failure of Cynosure's information, technology or security systems could have an adverse impact on its ability to manage the portfolios of clients.

Legal or Legislative Risk

Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

Public Health Emergencies

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on an Advisory Client and its investments. The extent of the impact of any public health emergency on the operational and financial performance of an Advisory Client will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic

markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of an Advisory Client's investments as well as the ability to achieve its investment objectives, all of which could result in significant losses to the Advisory Client. In addition, Cynosure may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Bank Failures and Health of the Banking Industry

The recent 2023 failures of Silicon Valley Bank and Signature Bank resulted in heightened concern regarding the health of other banking institutions and the ability of such institutions to withstand the economic conditions posed by rapidly increasing interest rates, including a decline in value of securities and loan portfolios, and it is unclear if there will be additional bank failures. To the extent there is a failure of a bank at which Advisory Client assets are maintained, such failure could result in a delay in deploying and using assets in Advisory Client accounts at that bank which could have an impact on the Firm's ability to engage in recommended transactions for Advisory Clients. Although it is not clear at this time what impact such bank failures will have on the instruments in which CP invests for Advisory Clients, it is possible that the liquidity and market value of those instruments may be adversely affected.

Reliance on CP

The success of each Advisory Client will depend in part upon the skill and expertise of CP's investment professionals. There can be no assurance that such professionals will continue to be associated with Cynosure, and a loss of the services of key personnel could impair CP's ability to provide services to Advisory Clients.

Limited Regulatory Oversight

Notwithstanding that Cynosure is registered as an investment adviser with the SEC, the Advisory Clients' pooled investment vehicles are not required and do not intend to register as investment companies under the Investment Company Act and, accordingly, investors in such vehicles are not afforded the protections of the Investment Company Act.

Diverse Investor Group

Investors in an Advisory Client's pooled investment vehicle may have conflicting investment, tax, and other interests with respect to their investments. Therefore, conflicts of interest may arise in connection with decisions made by the managing member (or similar managing fiduciary) or investment adviser of such investment vehicle, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to limited partners' individual tax situations.

Limited Access to Information

Investors' rights to information regarding an Advisory Client's pooled investment vehicle will be specified, and strictly limited, in the Governing Documents of such Advisory Client.

No Market for Interests: Restrictions on Transfers

Interests in an Advisory Client's pooled investment vehicle has not been registered under the Securities Act, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in such investment vehicles and one is not expected to develop. An investor will not be permitted to directly or indirectly assign, sell, pledge, exchange, or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the managing member (or similar managing fiduciary) of the Advisory Client in question, which consent may be given or withheld in accordance with the Governing Documents.

Risks in Effecting Operating Improvements

In some cases, the success of an investment strategy will depend, in part, on the ability to restructure and effect improvements in the operations of a portfolio company. There can be no assurance that CP will be able to successfully identify and implement such restructuring programs and improvements.

Investments in Highly Leveraged Companies; Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Advisory Clients' investments and portfolio transactions involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems, and other changes that affect the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies.

Risk of Investments in Less Established Companies

From time to time, an Advisory Client may invest all or a portion of its assets in, or a portfolio company of an Advisory Client may acquire, less established companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by an Advisory Client, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources, and therefore are often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow.

Other Special Risks

Additional special risks apply to certain private investments, which will be outlined in the applicable Governing Documents.

ITEM 9: DISCIPLINARY INFORMATION

Neither Cynosure or any of its respective professionals have been the subject of any legal or disciplinary matter of an investment-related nature that would be material to an existing or prospective Advisory Client's evaluation of Cynosure's advisory business or the integrity of its management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Cynosure, nor any of Cynosure's senior management team is registered as a broker-dealer, or as a registered representative of a broker-dealer, nor is there any present intention to do so. Likewise, neither Cynosure, nor any of Cynosure's personnel is registered as a futures commission merchant, commodity pool operator, commodity trading advisor or as an associated person of any such entities.

Cynosure Capital Management, Cynosure Wealth Advisors, and Cynosure Strategies

In addition to CP, Cynosure has three additional separate business divisions:

- **Cynosure Capital Management:** Focuses on managing investment portfolios for foundations and endowments.
- **Cynosure Wealth Advisors:** Provides integrated wealth management services for ultra-high net worth individuals.
- **Cynosure Strategies:** Launched in February 2024, this division is a quantitative hedge fund employing a systematic long-short strategy.

Pooled Investment Vehicles

Cynosure has a 50 percent interest in 4C GPS GP I, LLC, which is the general partner of 4C GPS I, LP, 4C GPS II, LP, and 4C GPS III, LP, three private funds that own an interest in GPS Hospitality. The remaining 50 percent interest in 4C GPS GP I, LLC is owned by 4612 Group, LLC, a Registered Investment Advisor, CRD # 287619, headquartered in Atlanta, Georgia.

Cynosure Partners 2020 GP, LLC is the general partner to certain pooled investment vehicles of Cynosure.

Related General Partners/Managing Members

Cynosure is under common control with several general partners/managing members of Cynosure-sponsored pooled investment vehicles. Cynosure, either directly or indirectly, enters into investment advisory agreements to provide all investment advisory services regulated by the Advisers Act to certain Cynosure-sponsored pooled investment vehicles.

Other Activities and Relationships

The employees of Cynosure and its affiliates may serve on the boards of directors of portfolio companies of Cynosure-sponsored pooled investment vehicles. Serving in such a capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of an Advisory Client.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Cynosure has established and approved a Code of Ethics that sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule

204A-1 of the Advisers Act. Among other things, the Code of Ethics prescribes standards for dealing with clients ethically, addresses conflicts of interest issues, and supplements personal trading and operating procedures, including Cynosure's Policies and Procedures regarding Material, Non-Public Information, and the prevention of Insider Trading. The Code of Ethics provides guidance in specific areas, including but not limited to, confidentiality of Cynosure information, personal investments, gifts, and entertainment, protection of persons who engage in "whistle blowing" activities from retaliation and personal political activities. This Code of Ethics is available to Advisory Clients, investors or prospective clients or investors by writing to **The Cynosure Group, LLC, 111 S. Main Street, Suite 2350, Salt Lake City, UT, 84111, Attn: Investor Relations.**

Misuse of Nonpublic Information

Cynosure and its supervised persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Cynosure and its supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, even if such other person is an Advisory Client. Accordingly, should Cynosure or its supervised persons come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating such information to, or using such information for the benefit of, its clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, its clients or Cynosure personnel when following policies and procedures designed to comply with law.

Cynosure has adopted as a part of the Code a "Policy Statement on Insider Trading" which establishes procedures to prevent the misuse of material nonpublic information by Cynosure's supervised persons. Among other things, Cynosure maintains a "restricted list" of securities in which Cynosure may not trade because Cynosure or its personnel may be in possession of material non-public information concerning the issuer. In addition, Cynosure requires that all personnel must read, sign, and adhere to Cynosure's policy on insider trading.

Personal Securities Trading

Cynosure requires its personnel to pre-clear all personal trades in securities transactions, an initial public offering, or a private placement. In addition, employees are required to submit quarterly reports of their personal transactions in any reportable securities accounts within 30 days of the end of each calendar quarter to the CCO or designee. Employees also must report all securities holdings in reportable accounts to the CCO or her designee initially upon commencement of employment and annually thereafter. These are reviewed by the CCO to ensure compliance with Cynosure's policies.

Principal Transactions

Cynosure, as an investment manager, or an affiliate in limited circumstances engages in principal transactions (i.e., transactions in which Cynosure or an affiliate is deemed to be acting for its own account by buying a security from, or selling a security to, an Advisory Client). These transactions introduce a potential conflict of interest between its own interests and those of the Advisory Client.

Cynosure has established policies and procedures to comply with the Advisers Act when engaging in principal transactions with Advisory Clients. Additionally, investment guidelines and an Advisory Client's charter documents may limit principal transactions on a more restrictive basis than the Advisers Act. In general, Cynosure avoids secondary market transactions.

Details of any such transaction typically are disclosed in the offering documents of an Advisory Client. In other cases, principal transactions may occur after an Advisory Client has held an initial closing. In those cases, either the Advisory Client or an independent representative of the Advisory Client must receive notice of the transaction and consent to the transaction prior to Cynosure or an affiliate settling the principal transaction.

Notice and Consent

Cynosure will notify the Advisory Client itself or a duly appointed, independent representative of the Advisory Client to obtain consent for any principal transaction.

Other Notice and Consent Considerations

In general, Cynosure will not engage in principal transactions with accounts of a retirement plan subject to ERISA unless approved by Cynosure's General Counsel, Chief Compliance Officer, and, if necessary, competent ERISA counsel.

Cross Transactions

CP from time to time allows Advisory Clients to engage in cross transactions, which occur when a transaction is affected directly between two or more of Cynosure's Advisory Clients.

Cross transactions may benefit Advisory Clients because they can avoid certain transaction fees. They also create conflicts of interest because, by not exposing buy and sell transactions to market forces, advisory clients may not receive the benefits of best price, or an adviser might seek to prop up the performance of one advisory client by selling under-performing assets to another advisory client in order, for example, to earn higher fees.

Cynosure has established policies and procedures that address permissible cross transactions. Subject to the terms of the Advisory Client's Governing Documents (which may exclude certain follow-on investments and other transactions from any applicable consent requirements): (i) notice must be provided to each Advisory Client or an independent representative of each such Advisory Client prior to proceeding with the cross transaction; (ii) if an Investor Advisory Committee of a particular Advisory Client has been established under the Advisory Client's charter and organizational documents, it must provide consent (generally by majority of the Investor Advisory Committee's members) prior to engaging in such cross transaction; and (iii) records of such notices and consents must be maintained as part of Cynosure's books and records.

Typically, the Governing Documents for each of the Advisory Clients address permissible cross transactions.

Financial Interests in Advisory Client Recommendations

In addition to management fees payable, incentive fees payable and carried interest allocable to Cynosure and its affiliates, with regards to certain Advisory Clients, Cynosure and its affiliates receive acquisition,

monitoring, disposition, and certain other fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

Cynosure generally has a conflict of interest to the extent that it has an opportunity to earn such a fee in connection with investments by Advisory Clients. However, Cynosure believes that applicable management fee offset provisions described in Item 5 and the substantial equity commitment by Cynosure and its affiliates in Advisory Clients substantially mitigates this incentive. Any fees paid to Cynosure by a portfolio company, or an Advisory Client are generally assessed on an arm's-length basis and generally on terms that are no less favorable to the Advisory Client or portfolio company than would be obtained in a transaction with an unaffiliated party. Accordingly, the agreements pursuant to which such fees are paid typically are not required to be reviewed by the Investor Advisory Committee or the investors of the participating Advisory Clients. Cynosure also has established allocation policies and procedures addressing Cynosure's duties to allocate investment opportunities among Advisory Clients in a fair and equitable manner – please see below for additional information with respect to such policies.

Further, Cynosure may recommend the securities or loan instruments of portfolio companies for acquisition by an Advisory Client where Cynosure, its affiliates (including a portfolio company of a different Advisory Client), or a Cynosure professional renders services to, engages in transactions with, or has a business relationship with (*i.e.*, board seat), and receives fees from, the portfolio company.

Conflicts of Interest

Various potential and actual conflicts of interest may arise between and among CP, its Advisory Clients and each of their affiliates. The following briefly summarizes some of these conflicts but is not intended to be an exhaustive list of all such conflicts. Please also see Items 6, 8 and 12 for additional disclosures related to other potential conflicts of interests that may arise and Cynosure's efforts to mitigate or address such risks. Investors in an Advisory Client's pooled investment vehicle should also review the Governing Documents of such vehicle, which may contain additional disclosures related to conflicts of interest that are applicable to that respective vehicle.

Allocation of Investments

Cynosure has established allocation policies and procedures addressing CP's duties to allocate investment opportunities among Advisory Clients in a fair and equitable manner. The policies seek to provide consistent treatment of such Advisory Clients with similar investment objectives and guidelines to the extent possible, consistent with legal, regulatory, and contractual restrictions. Cynosure's policies prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to Cynosure or any affiliates or their professionals. Each advisory client typically has its own investment guidelines, governing agreements and geographical and industry focus that must be taken into account when making investment allocation determinations.

Most investment opportunities that satisfy the investment parameters of a particular Advisory Client will be allocated to that particular Advisory Client. In certain cases, however, an investment opportunity may be appropriate for more than one Advisory Client. Any such allocation decisions are initially raised with the investment committee of the relevant Advisory Client that originated the investment opportunity. That particular investment committee, together with the Conflicts Committee, will review the opportunity to determine if an allocation to any other Advisory Client may be appropriate in the first instance, taking

into account, among other things, whether the investment satisfies each of the relevant Advisory Client's investment objectives and the Advisory Client's expected allocation based on its available capital commitments. If an investment opportunity will be allocated (which may include an allocation of 100% of such opportunity to a single Advisory Client), CP will, to the extent practicable, determine in good faith that the allocation is fair and reasonable taking into account the relevant facts and circumstances deemed relevant, as well as parameters of the Governing Documents of the Advisory Client's pooled investment vehicle advised by CP, the sourcing of the transaction, the nature of the investment objective, mandate or policies, results of underwriting analyses, including projected returns and target hold period for each investment, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for each such Advisory Client and other considerations deemed relevant by CP in good faith.

In certain situations, multiple Advisory Clients will invest side-by-side and investment opportunities will be allocated between such Advisory Clients using a formula-based approach. In other situations, participation of multiple Advisory Clients in a single transaction may require consent of the Investor Advisory Committee or the investors of the participating Advisory Clients.

Allocation decisions are periodically reviewed to determine the reasonableness and fairness of the allocation decisions. Final allocation decisions will generally align with the allocation of costs and expenses related to the diligence and structuring of and ongoing supervision of an investment opportunity; however, in certain situations, there may be costs such as diligence costs that are allocated to Advisory Clients that considered an investment opportunity but ultimately decided to not pursue such investment opportunity.

Co-Investment Opportunities

CP may (but is generally not required to) give investors in an Advisory Client or third parties who are not investors in an Advisory Client the opportunity to co-invest in a particular investment, including where CP determines a portion of the equity required would unreasonably limit diversification of the Advisory Client. Co-investment offers of participation are made in CP's sole discretion and CP may use any criteria it deems fit when determining which investors to offer such opportunities to, including to investors that are expected to or currently hold significant capital commitments to Advisory Clients. Investors in Advisory Clients are not entitled to be offered any co-investment opportunity by virtue of their investment in a particular Advisory Client.

To the extent an investment opportunity is rejected by the investment committee of a general partner of an Advisory Client, Cynosure, such general partner, and its affiliates may not be restricted from pursuing such opportunity outside of the Advisory Client's investment program. In such a circumstance, CP may allocate such an opportunity to another Advisory Client's pooled investment vehicle and/or managed account or to one or more entities established for the benefit of, or otherwise controlled by, one or more senior executives of Cynosure and/or their family members.

Possession of Material, Non-Public Information and other Trading Restrictions

Cynosure espouses a management philosophy of collaboration and information sharing among investment professionals to create a unified network. Cynosure, its affiliates, and its investment professionals may come into contact with material, non-public information in connection with their

activities for Cynosure, or its affiliates. Cynosure has established policies and procedures intended to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use, and maintenance of restricted trading lists. Under no circumstances may an investment professional trade in a security while in possession of material, non-public information about that security for his or her own account, the accounts of certain family members or the account of an Advisory Client.

Side Letters

Cynosure and its related entities routinely enter into side letter agreements with certain investors in an Advisory Client's pooled investment vehicle, or establish separate accounts, providing such investors with customized terms, which often results in preferential treatment, with respect to, among other things, the fee structure, including reduced advisory fees or performance-based compensation; the offering of co-investment opportunities; the ability to opt out of certain types of investments; the reporting obligations of the Advisory Client's pooled investment vehicle; consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the Advisory Client's pooled investment vehicle; the right to transfer interests in the Advisory Client's pooled investment vehicle; the right to withdraw from the Advisory Client's pooled investment vehicle in the event of adverse tax or regulatory events; the right to appoint a representative to the advisory committee of the Advisory Client's pooled investment vehicle, if applicable; additional confidentiality protections; the right to disclose certain information to underlying investors or to the public; structuring rights with respect to certain types of investments; or any other terms, whether economic, procedural or otherwise.

Cynosure also enters into Investment Management Agreements with certain investors as a way to provide a short-term commitment facility that enables investors to more efficiently capitalize on direct investment market opportunities. Agreements are not used for allocations to third-party funds or direct real estate investments.

Valuations of Investments

There may be situations in which CP has an incentive to influence or manipulate the valuation of investments. For example, CP could be motivated to overstate valuation in order to: (i) improve the track record of an Advisory Client, (ii) minimize losses from write-downs that must be returned before an affiliate may receive performance-based allocations, or (iii) for certain Advisory Clients, increase fees due to CP, such as a management fee that is calculated as a percentage of the value of the Advisory Client's assets. For portfolio holdings set aside in Side Pocket Accounts, and in accordance with the guidelines set forth in Cynosure's Valuation Policy, CP will determine the valuation as the sum of (i) the amount of principal plus any accrued but unpaid interest and fees due and owing by borrowers and (ii) pre-existing undistributed income.

CP values securities and instruments at their fair value in accordance with GAAP (in particular, Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements). To facilitate this, CP has adopted a written Valuation Policy and Procedures. If active market quotations are readily available, CP generally values securities at their market price, with a discount in certain cases of restricted securities. Otherwise, securities are valued based on management's judgment and estimation in accordance with CP's Valuation Policy, guidance, and templates or in accordance with the specific valuation procedure outlined in the Governing Documents of the relevant Advisory Client.

Allocation of Expenses

Expenses frequently will be incurred by multiple Advisory Clients. CP allocates aggregate costs among the applicable Advisory Clients (and, in certain cases, among Cynosure and applicable Advisory Clients) in accordance with allocation policies and procedures which are reasonably designed to allocate expenses in a fair and reasonable manner over time among such Advisory Clients. However, expense allocation decisions can involve potential conflicts of interest (*e.g.*, an incentive to favor Advisory Clients that pay higher incentive fees, conflicts relating to different expense arrangements with certain Advisory Clients, or allocations of certain in-house personnel expenses).

Under its current expense allocation policies, Cynosure generally allocates expenses among Advisory Clients utilizing allocation methods including applicable rules set forth in fund governing documents, on a pro rata basis based on assets under management, investment cost (and may include available capital), or fair value of investments, number of investors, number of investments, number of funds (or legal entities), fund size, department headcount and compensation, or number of users. Cynosure may, however, use other methods to allocate certain expenses among the Advisory Clients if it deems another method more appropriate based on the relative use of a product or service, the nature or source of the product or service, the relative benefits derived by the Advisory Clients from the product or service, or other relevant factors. Nonetheless, the portion of a common expense that Cynosure allocates to an Advisory Client for a particular product or service may not reflect the relative benefit derived by Advisory Client from that product or service in any particular instance. For example, certain expenses may be allocated across all investment vehicles comprising an Advisory Client regardless of whether each investment vehicle is directly incurring the expense.

Cynosure's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Cynosure in good faith will be final and binding on the Advisory Clients. Despite Cynosure's good faith judgment to arrive at a fair and reasonable expense allocation methodology, the use of any particular methodology may lead an Advisory Client to bear relatively more expense in certain instances and relatively less in other instances compared to what an Advisory Client would have borne if a different methodology had been used. However, Cynosure seeks to make allocations that are equitable on an overall basis in its good faith judgment.

Compensation from Certain Board Memberships

From time to time, Cynosure employees are expected in the future to be asked to serve on the boards of directors of companies in which an Advisory Client has fully exited its ownership interest. Such companies are not portfolio companies and therefore, to the extent the Cynosure employee is offered standard board compensation for his or her services post-exit, such standard board compensation is not subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

From time to time, former Cynosure employees have been, and are expected in the future to be, asked to serve on the boards of directors of companies in which an Advisory Client continues to have an ownership interest. To the extent the former Cynosure employee is offered standard board compensation for his or her services, depending on the facts and circumstances, including the duration of the separation from

Cynosure, such standard board compensation is not expected to be subject to the management fee offset or otherwise shared with the Advisory Clients, investors and/or portfolio companies.

Other Potential Conflicts

The legal and/or organizational documents of an Advisory Client, the Investment Management Agreement between Cynosure (or an affiliate) and the Advisory Client or the agreements in respect of the portfolio investments establish complex arrangements among the parties, including between investors and Advisory Clients. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous, or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to the situation. While Cynosure will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to an Advisory Client. Cynosure has established a Conflicts Committee with the explicit purpose of mitigating and/or where possible resolving conflicts impacting Cynosure's investors and the firm itself.

ITEM 12: BROKERAGE PRACTICES

CP has discretion to select brokers and dealers to execute transactions in securities and other instruments for Advisory Clients, however given the strategies employed on behalf of the pooled investment vehicles, CP does not expect to engage in transactions with Broker Dealers for such strategies.

ITEM 13: REVIEW OF ACCOUNTS

The portfolio investments of certain Advisory Clients are regularly reviewed by a team of investment professionals. Depending on the Advisory Client, the team generally includes principal executive officers of Cynosure, Managing Directors, and other investment professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of each portfolio company owned by the Advisory Clients.

Reports to Advisory Clients and Investors

Investors in an Advisory Client's pooled investment vehicle typically receives quarterly financial reports and audited annual reports. Investors have the ability to access these reports via a password-protected website. Depending on the particular Advisory Client, investors may receive monthly reports or letters, quarterly financial and capital account statements.

Certain investors are expected to have the right to obtain information relating to an Advisory Client. Accordingly, such investors may possess information regarding the business and affairs of an Advisory Client that may not be known to other investors. As a result, certain investors will be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As described in more detail in Item 5 – “Fees and Compensation”, in addition to management fees payable and carried interest allocable to Cynosure and its affiliates, Cynosure and its affiliates are expected to receive acquisition, monitoring, disposition and certain fees with respect to advisory and related services provided in connection with investments by Advisory Clients.

Cynosure does not currently have any cash compensation arrangements with any portfolio companies of Advisory Clients or affiliates thereof, or unaffiliated placement agents or third parties for introducing investors to Cynosure in respect of an Advisory Client. Any fees associated therewith will ultimately be payable by Cynosure or its affiliates, either directly or through an offset of the management fee payable by the relevant Advisory Client.

In accordance with Cynosure’s policies, no investor will bear any portion of any fee paid to any third-party promoter (formerly solicitor) with respect to such investment (whether in the form of higher management fees or other types of fees) without the consent of Cynosure’s Head of Investor Relations.

ITEM 15: CUSTODY

Although the underlying assets of its Advisory Clients are typically custodied by the Advisory Clients’ third-party custodian, Cynosure may be deemed to have custody over the assets of certain of its clients according to the custody rule set forth in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the “Custody Rule”). Cynosure intends to comply with the Custody Rule by either: (i) engaging a Public Company Accounting Oversight Board (“PCAOB”) accounting firm to subject such assets to an annual surprise audit along with requisite periodic reporting to the Advisory Client; or (ii) if the Advisory Client is a pooled investment vehicle, utilizing the “Pooled Vehicle Annual Audit Exception” under the Custody Rule that subjects such vehicle to a year-end audit by a PCAOB accounting firm and providing the audited financial statements to the underlying investors of these Advisory Clients within 120 days, or 180 days in the case of fund of funds. To the extent that Advisory Clients receive periodic reports from its third-party custodian, they should carefully review those statements.

ITEM 16: INVESTMENT DISCRETION

CP provides investment advice to its Advisory Clients on a discretionary basis. Generally, this discretion is subject only to the investment guidelines set forth in the Governing Documents of an Advisory Client. Such governing agreements generally expressly provide that the applicable general partner (or similar managing fiduciary) has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments.

ITEM 17: VOTING CLIENT SECURITIES

CP has, or will accept, authority to vote public company securities and other debt instruments (e.g., loans) held by an Advisory Client, and has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that it believes are reasonably designed to comply with the requirements of the Advisers

Act. The Proxy Voting Policies and Procedures reflect Cynosure's commitment to vote such instruments in a manner consistent with the best interests of the Advisory Clients, however given the strategy employed on behalf of the pooled investment vehicles, Cynosure Partners does not expect to vote proxies in respect with this strategy.

Proxy voting reports, identifying how proxies were voted where Cynosure has been delegated proxy voting authority, and Cynosure's Proxy Voting Policies and Procedures are available upon written request to **The Cynosure Group, LLC, 111 S. Main Street, Suite 2350, Salt Lake City, UT, 84111, Attn: Investor Relations.**

ITEM 18: FINANCIAL INFORMATION

Not applicable.