



SEARCH FUND ACCELERATOR, LLC

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### **Item 1: Firm Brochure (Form ADV Part 2A)**

This brochure provides information about the qualifications and business practices of Search Fund Accelerator, LLC. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. 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. Registration (e.g. “registered investment advisor”) does not imply a certain level of skill or training.

Additional information about Search Fund Accelerator, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 2: Material Changes**

Pursuant to SEC rules, Search Fund Accelerator, LLC will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the Firm’s fiscal year end, December 31. This means that if there were any material changes over the past year, clients will receive a summary of those changes no later than April 30. At that time, Search Fund Accelerator, LLC will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

Clients and prospective clients can always receive the most current disclosure brochure for Search Fund Accelerator, LLC at any time by contacting their investment advisor representative.

We have no material changes to report, and this is a new brochure as of 3/28/2024.

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

##### **Firm Description**

Search Fund Accelerator, LLC (“SFA” or the “Firm”) is a SEC registered investment advisor. Search Fund Accelerator was founded in February 2015. The Principal Owners are Timothy Bovard and Jeremy Silverman, and the Chief Compliance Officer is Matthew Parker.

##### **Types of Advisory Services**

Search Fund Accelerator only provides investment advice for Regulation D investment vehicles. We provide services for six separate Pooled Investment Vehicles. SFA will offer advice as to what Pooled Investment Vehicle or combination of Pooled Investment Vehicle’s fit a particular client’s investment needs. The advisor will inform clients and prospective clients on the services which the manager will provide the Pooled Investment Vehicle.

##### **Investment Advisory Services**

SFA 2015, LP; SFA 2016, LP; SFA 2017, LP; SFA 2018, LP; SFA 2019, LP; SFA 2020, LP, SFA 2021, LP, SFA 2022, LP, (“The Funds”) are pooled investment vehicles that are managed by Search Fund Accelerator, LLC. Each fund has total capital commitments between \$10,000,000 and \$25,000,000. As of 12/31/23, the total amount of assets under management is approximately \$234,540,693, and all are managed on a discretionary basis. The Funds will be capitalized through the offering of LP units as set forth in a confidential Limited Partnership Agreement (Offering Memorandum). These units have a 15-year life and make distributions at the discretion of the manager.

##### **Services Tailored to Clients’ Needs**

SFA will only offer advice to clients on specific Regulation D based investment offerings. The manager does not advise on client funds, securities, or assets not specifically invested in a SFA managed offering. The manager will recommend specific Pooled Investment Vehicles based on the client’s needs.

##### **Wrap Fee Program versus Portfolio Management Program**

SFA does not offer a Wrap Fee Program.

##### **Assets Under Management**

As of December 31<sup>st</sup>, 2023, Adviser has the following assets under management:

- Discretionary assets: \$234,540,693
- Non-discretionary assets: \$0

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

##### **A. Compensation**

- SFA is compensated through **Carried Interest**. In addition to the distributions described in Section 5.1
  - (i) the General Partner may cause the Partnership to distribute cash or property to the Partners, at such times and in such amounts as it shall determine in its sole and absolute discretion, as set forth in this Section 5.1
  - (ii) First, with respect to any specific distribution pursuant to this Section 5.1(b), the items of cash or property comprising such distribution shall be apportioned, on a preliminary basis, among the Partners in proportion to their respective Capital Commitments (the “Preliminary Apportionment”).
  - (iii) Next, items attributable to Idle Funds Investments or Late Admission Charges, as well as items apportioned to the General Partner pursuant to the Preliminary Apportionment, shall be distributed in accordance with the Preliminary Apportionment.
  - (iv) Next, on a separate basis for each Limited Partner, all remaining items apportioned to such Limited Partner pursuant to the Preliminary Apportionment shall be reapportioned between and distributed to such Limited Partner and the General Partner:
    - a. First, one hundred percent (100%) to such Limited Partner until such Limited Partner has received distributions pursuant to this Agreement, in the aggregate over the term of the

- Partnership, at least equal to the sum of (x) the Commitment Fee paid by such Limited Partner, (y) such Limited Partner's Capital Contribution and (z) such Limited Partner's Preferred Return.
- b. Next, one hundred percent (100%) to the General Partner until the General Partner has received distributions pursuant to this Section 5.1(b)(iii), in the aggregate over the term of the Partnership, at least equal to twenty percent (20%) of the amount by which (x) the sum of distributions to such Limited Partner pursuant to this Agreement and distributions to the General Partner pursuant to this Section 5.1(b)(iii) (in each case determined in the aggregate over the term of the Partnership) is greater than (y) the sum of such Limited Partner's Capital Contribution and the Commitment Fee paid by such Limited Partner.
  - c. Next, (x) eighty percent (80%) to such Limited Partner, and **(y) twenty percent (20%) to the General Partner.**

SFA also receives a monitoring fee for sitting on the board of portfolio companies; this can be offset by hiring independent directors.

## **B. Fees**

In lieu of an annual management fee, LPs are charged with a **Commitment Fee**. Each Limited Partner will pay the General Partner or SFA LLC a one-time fee equal to seven and a half percent (7.5%) of such Limited Partner's Capital Commitment at the time of its admission to the Partnership ("Commitment Fee"). Such Commitment Fee will be used to fund the General Partner and/or SFA LLC operating costs and expenses. For the avoidance of doubt: (i) the Commitment Fee payable by each Limited Partner is in addition to such Limited Partner's Capital Commitment; (ii) payment of the Commitment Fee will not be deemed to be a Capital Contribution by any Limited Partner; (iii) a Limited Partner that increases its Capital Commitment shall pay an additional Commitment Fee equal to seven and a half percent (7.5%) of the amount of such increase at the time of such increase, and (iv) the General Partner shall not pay a commitment fee. This fee is in addition to the capital commitment and is returned to LPs in the first stage of the distribution waterfall.

For the avoidance of doubt, any future reduction in the unfunded Capital Commitments of the Partners will not reduce or otherwise impact the Commitment Fees payable pursuant to Section 6.8(c) hereof.

This fee shall be repaid by the GP at the same level of the waterfall as return of capital and preferred return.

## **C. Additional Expenses**

*General Partner Expenses.* Except as otherwise provided in this Section 6.7(a), in Section 6.7(b), and in Section 6.8(f) below, expenses of the Partnership shall not include the normal operating expenses of the General Partner and its equity holders. Notwithstanding the foregoing, or anything else to the contrary contained in this Agreement, the General Partner (or its managing member or other Affiliate) shall be reimbursed by the Partnership for its pro rata share of the compensation and other expenses attributable to the services of professionals employed by the General Partner (or its managing member or other Affiliate) who perform finance and accounting services for the Partnership, in the event that the General Partner (or its managing member or other Affiliate) engages such employees to perform such services in lieu of (or in addition to) the engagement of a third-party to provide such services, provided that (i) such expenses are incurred at rates equal to or less than third-party market rates, as reasonably determined by the General Partner, and (ii) in accordance with Section 6.7(d) below, any such reimbursement is allocated equitably among the Partnership and the Other Funds as determined by the General Partner in its reasonable discretion.

*Partnership Expenses.* Expenses to be borne by the Partnership ("Partnership Expenses") shall include the following costs, expenses and losses associated with the formation, operation, Dissolution, winding-up, or Termination of the Partnership: (i) out-of-pocket expenses associated with the organization of the General Partner or the Partnership or the syndication of interests therein; (ii) external legal, accounting, audit, valuation, tax compliance, custodial and other professional fees; (iii) broken-deal costs; (iv) transfer, capital and other taxes, as well as charges, duties and fees, and any other costs (including broken-deal costs), incurred in acquiring, holding, selling or otherwise managing or disposing, or hedging against changes in the value, of Partnership assets or obligations; (v) insurance premiums, indemnifications, costs of litigation and other extraordinary expenses; (vi) costs of financial statements and other reports to Partners as well as costs of all governmental returns, reports and other filings; (vii) costs of meetings of the Partners; (viii) interest expenses; (ix) amounts paid to or for the benefit of Portfolio Companies other than as capital contributions thereto or in

exchange for Securities issued thereby; (x) advertising and public notice costs; (xi) costs and expenses associated with preparing Partnership tax returns, making tax elections and determinations, and similar activities; (xii) costs and expenses associated with the organization and maintenance of Holding Vehicles or other investment conduits; (xiii) taxes and other governmental charges imposed upon the Partnership as an entity (rather than solely as a withholding agent and excluding Imputed Underpayment Amounts); (xiv) all principal, interest, fees (including any “unused” borrowing fees) and expenses relating to obtaining and borrowing under any credit facility or other permitted borrowing, guarantee or security by the Partnership; and (xv) any other expenses not listed in the preceding clauses (i) through (xiv) that are not normal operating expenses of the General Partner; provided, however, that the Partnership shall not bear registration or compliance costs relating to any obligation of the General Partner to register under the Investment Advisers Act.

(c) *Reimbursement Policy*. Subject to Section 6.7(e), a Partner shall be entitled to reimbursement for Partnership Expenses paid or incurred by such Partner only with the approval of the General Partner (which approval may be withheld by the General Partner in its sole and absolute discretion). The Partnership shall not reimburse any Partner for Partnership Expenses paid or incurred by such Partner unless the Partnership is provided with reasonable documentation relating thereto.

(d) *Sharing Expenses*. Expenses, otherwise qualifying as Partnership Expenses, which are paid or incurred for the benefit, or to satisfy obligations, of the Partnership as well as one or more Other Funds shall be allocated equitably among such entities by the General Partner in its reasonable discretion.

(e) *Limitations on Organizational Costs*. Notwithstanding the provisions of Section 6.7(c), any expenses which qualify as Partnership Expenses under clause (i) of Section 6.7(b) (other than indemnification and litigation expenses also described in clause (v) of Section 6.7(b)) which exceed \$200,000 shall be paid by the General Partner.

### **D. Compensation For the Sale of Securities or Other Investment Products**

Neither SFA, nor its investment adviser representatives, will accept compensation for the sale of securities or other investment products.

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

SFA is also compensated through ***Carried Interest***. [see 5(a)]

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

Within the United States, this offering is made as a private placement pursuant to section 4(A)(2) of the Securities Act, and only to parties that are “Accredited Investors” as defined in Rule 501(A) of Regulation D under the Securities Act. Outside of the United States, this offering is made pursuant to Regulation S under the Securities Act, only to parties that are not “US Persons” as defined in such regulation, and pursuant to exemptions from applicable securities laws of other countries (“Foreign Securities Laws”).

The Units are being offered only to those investors who qualify as an “accredited investor” as defined in Rule 506(b) under Regulation D of the Securities Act and to a maximum of thirty-five (35) investors who do not qualify as an “accredited investor.” All Investors must be able to bear the economic risk of their investment for an indefinite period and have no need for liquidity in this investment.

To qualify as an “accredited investor” as such term is defined in Regulation D promulgated by the SEC under the Securities Act, the investor will be required to represent and warrant to the Fund and Manager that the Investor meets the “accredited investor” and other requirements as detailed in the Subscription Booklets. The Investor must also be able to verify its status as an accredited investor in accordance with the SEC guidelines to the Manager’s satisfaction.

Some of the ways Investors can currently qualify as an “accredited investor” are:

- For natural person Investors, having a net worth of at least \$1,000,000, excluding the positive value of a primary residence; or
- For natural person Investors, having an adjusted gross income of at least \$200,000 for the last two years (or \$300,000 with a spouse) and reasonably expecting to attain those amounts this year; or
- For certain entity Investors, having assets of at least \$5,000,000; or
- For entity Investors, having all of the owners of the entity otherwise be “accredited investors.”

Subscriptions from suitable Investors will be accepted or rejected by the Manager in its sole discretion after receipt of the Investor's Subscription Booklet properly completed and executed by the Investor. The Manager reserves the right to reject any subscription for any reason. If the subscription is accepted, the Investor will become a Member or Note Holder without any further action by any Person. If the subscription is rejected, the Investor's completed Subscription Booklet and subscription funds will be returned promptly to the Investor.

The minimum investor commitment is \$1,000,000, subject to acceptance of lesser amounts at the discretion of the GP.

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

#### ***A. Methods of Analysis***

Investors are cautioned that the valuation methodologies employed by the General Partner, particularly with regard to securities of private companies and securities that are subject to lock-ups or other limitations on free marketability, vary from security to security and change from time to time, without notice, for a variety of reasons, including the following: (i) valuation rules under generally accepted accounting principles are in constant evolution; (ii) different methodologies may be more appropriate (in the General Partner's view) at different stages of a particular portfolio company's lifecycle (depending, for example, upon whether the portfolio company is generating revenue, is generating profit, has become a candidate for acquisition or IPO, or has readily determinable comparables in the marketplace); (iii) preferences or subordinations applicable to particular portfolio securities; (iv) special circumstances affecting a particular portfolio company (such as actual or threatened litigation, loss of key customers, vendors or personnel, or lack of sufficient operating capital); and (v) the General Partner's own judgment regarding macro issues such as developments in markets and technologies and micro issues such as the quality of a particular portfolio company's management or technology personnel. As a general matter, investors and Limited Partners will not have access to the details of the General Partner's valuation methodologies or to the information utilized by the General Partner in applying such methodologies.

#### ***B. Investment Strategies***

Risks Associated with Portfolio Investments. There is no assurance that the Partnership's investments will be profitable and there is a substantial risk that the Partnership's losses and expenses will exceed its income and gains. Any return on investment to the Limited Partners will depend upon successful investments made on behalf of the Partnership by the General Partner. There often will be little or no publicly available information regarding the status and prospects of portfolio companies. Many investment decisions by the General Partner will be dependent upon the ability of the managing member of the General Partner and its agents or affiliates to obtain relevant information from non-public sources, and the General Partner often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the General Partner's control. The Partnership may hold minority positions in portfolio companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. Portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. The Partnership's capital is limited and may not be adequate to protect the Partnership from dilution in multiple rounds of portfolio company financing. The public market for high technology and other emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Partnership to dispose of investments, and the value of investment securities on the date of sale or distribution by the Partnership. In particular, the receptiveness of the public market to initial public offerings by the Partnership's portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at the proper time. Even if a portfolio company effects a successful public offering, the Partnership or the Limited Partners may be prevented from disposing of the portfolio company's securities for a material period of time due to a contractual "lock-up," applicable law or other restrictions. Similarly, the receptiveness of potential acquirors to the Partnership's portfolio companies will vary over time and, even if a portfolio company investment is disposed of via a merger, consolidation or similar transaction, the Partnership's stock, security or other interests in the surviving entity may not be marketable. There can be no

guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition or otherwise, and there is a significant risk that the Partnership's investments will yield little or no return. Generally, the investments made by the Partnership initially will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of the Partnership's investment, a portfolio company may lack one or more key attributes (e.g., proven technology, appropriate patent protection, marketable product, complete management team, regulatory approvals or strategic alliances) necessary for success. Many or most of the Partnership's portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. In some (possibly most) cases, the success of the Partnership's portfolio companies will depend upon the development of business, technology or other "ecosystems" that may or may not reach critical mass during the relevant time period. In particular, there have been many examples of technology-related investments that failed to produce attractive returns simply because they were made too early in the development of such ecosystems, and there can be no assurance that the Partnership will make investments at the proper time to achieve its investment goals. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. It is likely that the Partnership will still hold some illiquid securities at the time of the Partnership's dissolution, with the result that such securities may be distributed in-kind or sold for a price that reflects their illiquid nature.

Relative to mature companies, young/emerging companies often have not yet developed comprehensive legal, regulatory, financial audit/control and similar compliance capabilities. This will make it more difficult for the General Partner to conduct diligence upon prospective portfolio companies and to monitor companies that have entered the Partnership's portfolio. It enhances the risks that otherwise successful portfolio companies will experience adverse consequences due to unintended violations of legal, regulatory or similar obligations. It also enhances the risks that portfolio companies or the Partnership will experience adverse consequences due to intentional wrongdoing by portfolio company personnel or third parties.

A portion of the Partnership's investment portfolio may consist of securities issued by publicly traded companies (e.g., as the result of a direct investment in publicly traded securities, an initial public offering effected by a previously private portfolio company, or acquisition of a private portfolio company by a publicly traded company). The fact that a portfolio company is publicly traded will not necessarily reduce the business and other risks associated with an investment in such company. For example, the last few decades have seen multiple periods during which early-stage companies have been able to effect initial public offerings, and the stage at which companies are able to effect an initial public offering varies in different markets around the world. Moreover, investments in publicly traded companies often are subject to additional risks, such as increased risks of litigation and greater securities law and other regulatory burdens, as well as risks associated with "insider trading" and similar rules.

Changes in Environment. The Partnership's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Partnership operates is expected to undergo substantial changes, some of which may be adverse to the Partnership. The General Partner will have the exclusive right and authority (within limitations set forth in the Partnership Agreement) to determine the manner in which the Partnership shall respond to such changes, and Limited Partners generally will have no right to withdraw from the Partnership or to demand specific modifications to the Partnership's operations in consequence thereof. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by the managing member of the General Partner and its members and affiliates in the past may not be successful, or even practicable, during the Partnership's term. Within the limitations set forth in the Partnership Agreement, the General Partner will have the right and authority to cause the Partnership's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in this Disclosure Summary.

Dilution. Following the Partnership's initial closing, the General Partner will be authorized to admit additional Limited Partners (or accept increased capital commitments from existing Limited Partners) during a specified period (the "Open Window Period"). For purposes of allocating Partnership profit and loss, all capital commitments made during the Open Window Period generally will be treated as if made at the Partnership's initial closing. In consequence, additional Limited Partners (or existing Limited Partners that increase their

capital commitments) may effectively “buy into” the Partnership during the Open Window Period at a price that does not necessarily reflect changes in the value of the Partnership’s assets subsequent to the initial closing.

### **C. General Risks**

There are risks associated with investing in a Pooled Investment Vehicle, many of which are not within the Pooled Investment Vehicle’s or the Manager’s control. These risks include, among others,

- trends in the economy, particularly the real estate and capital markets,
- fluctuations in the interest rate environment,
- income tax laws,
- government regulations, and
- the availability of satisfactory investment opportunities.

Prior to investing in the Pooled Investment Vehicle, Investors should perform their own analysis of the investment opportunities and objectives presented. Accordingly, Investors should discuss investing in the Fund with their own advisors. While the Manager has attempted to identify some of the risks associated with the Fund in the following sections, this discussion of risks should not be considered complete or exhaustive of all risks you may encounter as an Investor in the Fund.

No Assurance that the Partnership will Fully Deploy Capital Commitments. There can be no assurances that the cohort of searchers/CEOs selected to identify suitable investments will be able to identify such investment opportunities, or that the opportunities identified will require the entire amount of capital committed to the Partnership, in which case the Partnership may not invest in companies all of the capital it has available.

Long-Term Investment. An investment in the Partnership is a long-term commitment and there is no assurance of any distribution to the Limited Partners. Under rules set forth in the Partnership Agreement, the General Partner may extend the Partnership’s period of liquidation to resolve outstanding obligations of the Partnership. In particular, when selling or similarly disposing of portfolio securities, the Partnership may (as a commercial matter) be required to undertake tax or other indemnification obligations with terms extending beyond the ordinary term of the Partnership, with the result that the Partnership may retain assets during an extended liquidation period to help ensure satisfaction of such obligations before the Partnership’s final termination.

Limited Transferability of Interests; Withdrawals. The Partnership Agreement and applicable securities laws will impose substantial restrictions upon the transferability of Partnership interests. There is no public or other market for Partnership interests and it is not expected that such a market will develop. Withdrawal of Limited Partners from the Partnership generally will not be permitted, although the Partnership Agreement may specify certain circumstances under which a Limited Partner may be entitled, or required, to withdraw from the Partnership. A withdrawn Limited Partner may not be entitled to immediate payment for its interest in the Partnership. Any withdrawal of a Limited Partner may reduce the amount of Partnership capital available for investment or other activities.

Competition. The private equity business is highly competitive and has become more so in recent years due to a substantially increased flow of capital into private equity funds and similar investment organizations. The Partnership and the General Partner will be competing with other established funds and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period. There can be no assurance that the Partnership will be able to make investments on attractive terms, and it is possible that the Partnership’s term will expire before the Partnership has invested all of its available capital.

Broad Investment Authority of the General Partner. As described elsewhere in this Disclosure Summary, the Partnership’s investment sourcing, selection, management and liquidation strategies and procedures may deviate from those described in this Disclosure Summary or in the materials provided to prospective investors by the General Partner for a variety of reasons, including changes in the external environment within which the Partnership operates as well as challenges and opportunities faced by the Partnership’s portfolio companies. Subject only to the limits set forth in the Partnership Agreement, the General Partner will have broad authority to implement, expand, contract, adapt and otherwise modify the Partnership’s investment sourcing, selection, management and liquidation strategies and procedures in such manner as the General Partner determines to be appropriate.



Reliance on Individual Members of the Managing Member of the General Partner, the General Partner and Their Affiliates. The Partnership will be particularly dependent upon the efforts, experience, contacts and skills of the individual members of the managing member of the General Partner, the General Partner and their affiliates. The loss of any such individual could have a material adverse effect on the Partnership, and such loss could occur at any time due to death, disability, resignation or other reasons. Moreover, except as specifically provided in the Partnership Agreement, the managing member of the General Partner, the General Partner, and their affiliates will not be required to devote their time and attention exclusively to the Partnership. Additional members may be admitted to the General Partner, the managing member of the General Partner or their affiliates, following the Partnership's initial closing and the Limited Partners will have no power to prevent any specific person from being admitted as a member to the General Partner, to the managing member of the General Partner or to their affiliates. Within the General Partner, the managing member of the General Partner, and their affiliates, the economic, voting and other rights of the General Partner, the managing member of the General Partner and their affiliates will be determined by agreements among the General Partner, such managing member and such affiliates and will be subject to change, without notice to the Limited Partners, from time to time. The Limited Partners will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by the General Partner in making decisions. Except as specifically provided in the Partnership Agreement, the General Partner will have the exclusive right and power to manage the Partnership's business and affairs.

Any prior experience that the General Partner, the managing member of the General Partner or their affiliates may have in making investments of the type expected to be made by the Partnership was obtained under different market conditions. There can be no assurance that the General Partner, the managing member of the General Partner or their affiliates will be able to duplicate prior levels of success.

The General Partner may appoint or admit certain persons to "advisory" or other committees or boards intended to assist the General Partner or the Partnership by providing insights, advice or assistance regarding such diverse matters as technology, macro trends in economics, markets, product development, and other fields, industry contacts, deal flow, diligence, technical evaluations, portfolio company mentoring, service on portfolio company boards, personnel recruiting, or other matters. Under most circumstances, such persons will have no contractual or other obligation to continue as members of such committees or boards or to provide any particular insights, advice, assistance or other benefits. In evaluating an investment in the Partnership, prospective investors must not depend upon any specific benefits accruing to the General Partner or the Partnership in respect of any such advisory or other committees or boards or the members thereof. Similar considerations apply to persons identified as entrepreneurs-in-residence, executives-in-residence, operating partners, or other partners or advisors, who generally will have no obligation to provide any particular insights, advice, assistance or other benefits to the General Partner or the Partnership. Moreover, prospective investors are particularly cautioned against relying upon the continued participation of any person identified as an entrepreneur-in-residence, executive-in-residence, operating partner, other similar partner, advisor or by any similar title. The relationships identified by such titles frequently are short-term in nature.

Individuals referenced in the Partnership Agreement as members of the managing member of the General Partner or otherwise may actually conduct their affairs (including, without limitation, their participation in the General Partner) through one or more wealth management, estate planning, tax planning, liability limiting or regulatory compliance entities. The use of such entities may, among other potential consequences, limit the ability of the Limited Partners to obtain direct recourse against such individuals in the case of breach of any duty or obligation.

Reliance on Third Parties. The General Partner and the Partnership may require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, bankers, brokers, custodians, consultants (including "finders" and similar persons engaged to assist with the development and exploitation of portfolio deal flow, as well as "experts" and similar persons engaged to assist with the assessment of technologies, markets and other matters) and various other persons or agents. The General Partner and its affiliated management/advisory entities may also utilize the services of non-executive directors who provide such services on a professional basis and are not primarily part of any single private equity firm. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Partnership could have a

material adverse effect upon the Partnership. Except as otherwise provided in the Partnership Agreement, the fees and costs associated with such third parties will be paid by the Partnership.

**Limited Partner Defaults.** Limited Partners generally will not contribute the full amount of their capital commitments to the Partnership at the time of their admission to the Partnership. Instead, they will be required to make incremental contributions pursuant to capital calls issued by the General Partner from time to time. Limited Partners that fail to satisfy capital calls in a timely manner generally will be subject to significant penalties as described elsewhere in this Disclosure Summary. Nevertheless, Limited Partners may default upon capital calls for a variety of reasons including their own insolvency, bankruptcy or subjective determination that default is more attractive than compliance. Any failure by Limited Partners to make timely capital contributions in respect of their capital commitments (or to make any other payments required under the Partnership Agreement or applicable law) may impair the ability of the Partnership to pursue its investment program, force the Partnership to borrow, or cause other damage. If a particular Partner fails to make a contribution or other payment, other Partners may effectively bear the burden of such Limited Partner's share of Partnership-related costs or expenses.

Under certain circumstances, some Limited Partners may be prohibited or excused from making capital contributions under the terms of the Partnership Agreement or applicable law. For example, Limited Partners that are regulated under the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") or a comparable law may be prohibited or excused from making capital contributions if the Partnership were deemed to hold "plan assets" within the meaning of the Plan Assets Regulation (as defined below). Similarly, some governmental or quasi-governmental Limited Partners may be prohibited from making contributions or payments that are in the nature of indemnification payments.

Some investors may participate in the Partnership through their own special purpose vehicles or other structures that have the effect of limiting the Partnership's recourse against such investors for amounts not paid or contributed.

Notwithstanding the foregoing, the General Partner generally will be under no obligation to confirm the creditworthiness of any investor before or after admitting such investor to the Partnership as a Limited Partner, nor will the General Partner be under any obligation to exclude from the Partnership any investor based on creditworthiness-related considerations.

**Reserves.** In managing the Partnership, the General Partner will establish reserves for follow-on investments in portfolio companies, operating expenses (including fees payable to the General Partner), Partnership liabilities, and other matters. Estimating the amount necessary for such reserves will be difficult, particularly because follow-on investment opportunities will be directly tied to the success and capital needs of portfolio companies. As set forth in the Partnership Agreement, the General Partner's authority to cause the Partnership to borrow will be strictly limited, which will further increase the difficulty of estimating the proper size of reserves. Inadequate or excessive reserves could have a material adverse effect upon the investment returns to the Limited Partners. For example, if reserves are inadequate, the Partnership may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with a "pay-to-play" or similar investment round. If reserves are excessive, the Partnership may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

**Conflicts of Interest.** The Partnership will be subject to various potential conflicts of interest. For example, members of the General Partner may receive directors fees or similar compensation from portfolio companies of the Partnership. There is no assurance that the Partnership will economically benefit from any particular portfolio company fees received by the General Partner, the managing member of the General Partner or their affiliates. Under certain circumstances, members or affiliates of the General Partner may make private equity investments separate and apart from, or alongside with, the Partnership. As set forth in the Partnership Agreement, the General Partner, the managing member of the General Partner and/or their affiliates will be permitted to manage other investment funds and similar vehicles (including vehicles that co-invest with the Partnership) during the Partnership's term, any of which may compete with the Partnership for investment opportunities, management time and attention, or otherwise. Under certain circumstances, the Partnership may invest in companies in which

the General Partner, the managing member of the General Partner or their affiliates have a pre-existing interest or subsequently acquire an interest via different investment funds or other means. Among other considerations, the General Partner, the managing member of the General Partner or their affiliates hold interests in portfolio companies other than through the Partnership, those interests may substantially differ from the Partnership's interests in such companies due to differences in liquidation preference, voting rights or other investment terms. This may result in the General Partner, the managing member of the General Partner or such affiliates having personal investment interests that directly conflict with the interests of the Partnership. Affiliates of the General Partner or the managing member of the General Partner may, in connection with their management of other private equity funds or otherwise, enter into (or have entered into) non-competition or similar agreements that effectively preclude the Partnership from taking advantage of certain investment acquisition or disposition opportunities or otherwise adversely impact the Partnership.

Conflicts of interest are not limited to General Partner members and members of the managing member of the General Partner who are investment professionals and may extend to all affiliated personnel, including finance, compliance and other back-office staff of the General Partner and its affiliates.

Portfolio companies of the Partnership may be or come into competition with other companies in which the General Partner, the managing member of the General Partner or their affiliates have an interest via different investment funds or other means. In addition, portfolio companies of the Partnership may acquire, or be acquired by, portfolio companies of other investment funds directly or indirectly associated with the General Partner, the managing member of the General Partner or their affiliates.

Except to the limited extent specifically provided in the Partnership Agreement, neither the General Partner nor the managing member of the General Partner nor their affiliates will have any obligation to alter their own investment activities or the activities of any other investment fund in order to protect or promote the interests of the Partnership.

Provisions contained within the Partnership Agreement that authorize the General Partner, the managing member of the General Partner or their affiliates to engage in investment, management or other activities outside, or alongside with, the Partnership, or to cause the Partnership to make investments (or otherwise approve transactions) in respect of which the General Partner, the managing member of the General Partner or their affiliates have conflicting interests, will override certain common law and statutory fiduciary duties that would apply in the absence of such provisions and (in particular) may place the Limited Partners in a materially less favorable position than if the General Partner, the managing member of the General Partner and their affiliates engaged in no activities other than managing the Partnership or were otherwise subject to unmodified fiduciary duties to the Partnership and the Limited Partners. For example, such provisions may enable the General Partner, the managing member of the General Partner and their affiliates to direct attractive investment opportunities to persons other than the Partnership or to place themselves in a conflict situation pursuant to which they are incentivized to exercise voting rights in respect of specific portfolio securities in a manner that harms the Partnership but benefits other investment funds/persons with which such members are associated. The Partnership Agreement will contain certain protections for Limited Partners against conflicts of interest faced by the General Partner, the managing member of the General Partner and their affiliates, but those protections will be strictly limited to their terms and will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for Limited Partners to subject the behavior of the General Partner, the managing member of the General Partner and their affiliates to close scrutiny. In particular, the Partnership Agreement will specify a variety of circumstances in which the General Partner, the managing member of the General Partner and their affiliates may subject themselves to conflicts of interest, or engage in actual transactions that conflict with the interests of the Partnership, without providing specific notice thereof to the Partnership or the Limited Partners.

Except to the limited extent specifically provided in the Partnership Agreement, prospective investors should assume that the Partnership will not have a "right" to participate in any investment opportunity made available to the General Partner, the managing member of the General Partner or their affiliates, and that any such opportunity may be presented to other persons. Such other persons may include, without limitation, a subset of the Partnership's Limited Partners, other investment vehicles managed by the General Partner, the managing member of the General Partner or their affiliates, and third parties who are in a position to provide benefits to the General Partner, the managing member of the General Partner or their affiliates. The Partnership's right to

participate in investment opportunities will be specifically limited and defined in the Partnership Agreement, and it is expected and intended that the General Partner, the managing member of the General Partner or their affiliates will exercise their rights to carry out investment and investment-related activities outside (and potentially in competition with) the Partnership. This may include providing other persons with the opportunity to co-invest with the Partnership on a deal-by-deal or continuing basis.

Without limitation on the foregoing, except as specifically provided in the Partnership Agreement, the General Partner (or an affiliate of the General Partner) may, from time to time, create successor funds, special purpose investment vehicles, co-investment funds, “spillover” or “excess opportunity” funds, annex funds, and other types of funds/vehicles, any of which may compete with the Partnership for investment opportunities, co-invest or cross-invest with the Partnership, or otherwise give rise to conflicts of interest. The General Partner (or an affiliate of the General Partner) may be or become subject to binding obligations to make co-investment or cross-investment opportunities available to such other funds/vehicles or to a subset of the Limited Partners. Except as specifically provided in the Partnership Agreement, the General Partner will have no obligation to provide notice to Limited Partners of co-investment or cross-investment opportunities or the fact that co-investments or cross-investments have taken place. A Limited Partner that desires to co-invest or cross-invest with the Partnership, but has not been granted specific co-investment or cross-investment rights, must assume that no such rights exist.

Under the Partnership Agreement, certain transactions that involve conflicts of interest between the General Partner and the Partnership may be submitted to the Advisory Board for resolution. However, the Advisory Board will not necessarily represent the interests of all the Limited Partners and the members of the Advisory Board may themselves be subject to various conflicts of interest (including as investors in other entities related to the General Partner, the managing member of the General Partner or their affiliates). In general, the Limited Partners will not be entitled to control the selection of Advisory Board members or to review the actions or deliberations of the Advisory Board.

During the Partnership’s term, many different types of conflicts of interest may arise and this Disclosure Summary does not purport to identify all such conflicts.

Risks relating to conflicts of interest are not limited to conflicts affecting the General Partner, the managing member of the General Partner or their affiliates. The Limited Partners are expected to have widely differing interests on a variety of tax, regulatory, business, investment profile and other issues. Without limitation, some Limited Partners may invest in the Partnership for strategic reasons unrelated to maximizing their direct financial returns through their interests in the Partnership. These differing interests may, in turn, give rise to a number of risks that the Limited Partners as a group will not act in a manner consistent with the best interests of the Limited Partners as a group or the best interests of the Partnership itself. For example, a Limited Partner may decline to provide its consent to a proposed action by the Partnership or the General Partner due to goals or incentives that are unique to such Limited Partner and in conflict with the interests of the Partnership or other Limited Partners. Furthermore, conflicts of interest among the Limited Partners likely will make it impracticable for the General Partner to manage the affairs of the Partnership in a manner that is viewed as optimal by all Limited Partners, and the General Partner will be under no obligation to do so. In general, prospective investors should assume that the General Partner will not take their unique interests into account when managing the Partnership’s affairs.

In assessing the impact of provisions of the Partnership Agreement that purport to limit, modify or eliminate certain fiduciary duties of the General Partner or its members, prospective investors are cautioned against assuming that such provisions will apply, under all circumstances, as written. The laws governing partnerships and investment activities are complex and, in certain cases, do not permit investor protections to be overridden by a contract such as the Partnership Agreement. Thus, under certain circumstances, Limited Partners may have greater rights than would be apparent from a straightforward reading of the Partnership Agreement. In connection with any such circumstance, prospective investors and Limited Partners are urged to consult with their own legal counsel. The purpose of this paragraph is not to minimize the concerns of prospective investors regarding conflicts of interest, nor is it intended to undermine the cautions and considerations described elsewhere in this Disclosure Summary. Rather, this paragraph is intended solely to caution prospective investors against assuming the efficacy of limitations on their rights. It should be noted that the considerations identified in this paragraph are not limited to provisions that purport to limit, modify or eliminate fiduciary duties

(and, indeed, under specific circumstances, such considerations may apply to nearly every provision of the Partnership Agreement).

Relationship with General Partner Affiliates. Except as otherwise specifically provided in the Partnership Agreement, there is no assurance that the Partnership will be offered any specific investment opportunities that come to the attention of the General Partner or that the Partnership will be permitted to invest the full amount it desires to invest in any such opportunity that is made available. In many cases, the apportionment of investment opportunities among affiliates of the General Partner or the managing member of the General Partner will be subject to the General Partner's discretion.

Economic Interest of General Partner. Because the percentage of profits allocated to the General Partner will exceed the capital contribution percentage of the General Partner, and because certain net losses otherwise allocable to the General Partner will be specially allocated to all the Partners (up to the point that the Limited Partners' capital account balances reach zero), the General Partner may have an incentive to make investments that are riskier or more speculative than if the General Partner received allocations on a basis identical to that of the Limited Partners or were compensated on a basis not tied to the performance of the Partnership. Moreover, the General Partner, the managing member of the General Partner and their affiliates generally will benefit from Commitment Fees paid by the Partnership and Cost Recover and Annual Monitoring Fees paid by the portfolio companies even if the Partnership is not profitable. Among other things, this arrangement may incentivize the General Partner to maintain the existence of the Partnership (or to defer causing the Partnership to dispose of portfolio assets) for the purpose of maintaining the payment of fees.

Expenses. The Partnership Agreement will contain detailed provisions regarding the apportionment of expenses between the General Partner (on the one hand) and the Partnership (on the other hand). As a general matter, the General Partner must bear its own normal operating expenses and those of its equity holders. Notwithstanding the foregoing, or anything else to the contrary contained in the Partnership Agreement, the General Partner (or its managing member or other affiliate) will be reimbursed by the Partnership for its pro rata share of the compensation and other expenses attributable to the services of professionals employed by the General Partner (or its managing member or other affiliate) who perform finance and accounting services for the Partnership, in the event that the General Partner (or its managing member or other affiliate) engages such employees to perform such services in lieu of (or in addition to) the engagement of a third-party to provide such services, provided that (i) such expenses are incurred at rates equal to or less than third-party market rates, as reasonably determined by the General Partner, and (ii) in accordance with the Partnership Agreement, any such reimbursement is allocated, as determined by the General Partner in its reasonable discretion, equitably among the Partnership and any other investment funds (whether currently existing or formed in the future) in which the General Partner, the managing member of the General Partner or their affiliates plays a principal investment management role. Furthermore, the General Partner may elect to offer the services of one or more of the professionals employed by the General Partner, the managing member of the General Partner or their affiliates to one or more portfolio companies. The compensation and overhead expenses attributable to the services of such professionals on behalf of one or more portfolio companies will be charged to such portfolio companies, provided that (i) such expenses are incurred at rates equal to or less than third-party market rates, as reasonably determined by the General Partner, and (ii) the reimbursement corresponds only to the portion of such professionals' business time spent directly on such portfolio company matters.

In general, the Partnership must pay substantially all other expenses associated with the organization, existence and operations of the Partnership. As described in the Partnership Agreement, expenses to be borne by the Partnership generally include, without limitation, expenses associated with the formation of the General Partner itself (because the General Partner, as an entity, has been (or is being) created specifically in connection with the Partnership), costs of marketing/placing interests in the Partnership (other than actual fees paid to a placement agent, if any), legal and other fees associated with the formation of the Partnership (including fees charged by attorneys representing the General Partner/Partnership for negotiations with prospective Limited Partners), virtually all out-of-pocket costs associated with identifying, acquiring, monitoring, improving and disposing of Partnership investments (including costs of travel, fees paid to "finders" and costs associated with broken deals), most costs associated with litigation (or threats of litigation) against the Partnership, the General Partner, the managing member of the General Partner or their affiliates, the costs of preparing Partnership financial statements, tax returns and other reports, the fees of attorneys, accountants, consultants, brokers, advisors and other third parties, reasonable costs of in-house legal and tax professionals employed by the

General Partner to the extent they provide services that otherwise would have been provided by third party attorneys or accountants, and costs associated with certain securities law and similar compliance obligations imposed upon the General Partner or the Partnership. The cost of fees paid by the Partnership may be very substantial. For example, the General Partner, the managing member of the General Partner or their affiliates may engage third parties on behalf of the Partnership to identify/source investment opportunities, perform analysis/diligence in respect of potential investments, technologies, markets, or other issues, or provide portfolio companies with advice, guidance or other benefits. The apportionment of expenses inherently creates conflicts of interest between the General Partner, the managing member of the General Partner or their affiliates and the Partnership. For example, in many cases, the same individual could be admitted or engaged as a member or employee of the General Partner, the managing member of the General Partner and/or their affiliates (in which case, the General Partner generally would bear the expense of such individual's salary, etc.) or as a consultant/advisor (in which case the Partnership or a portfolio company generally would bear the expense of fees paid to such individual). In general, Limited Partners will have no right to require that any particular individual be admitted, engaged or retained as a member or employee of the General Partner, the managing member of the General Partner or their affiliates, with the result that decisions regarding such matters generally will be made by each of the General Partner, the managing member of the General Partner or their affiliates on the basis of its own interests (e.g., its own determinations as to the appropriate size of its organization). Related to the foregoing, investors should be aware that (i) an individual designated as an entrepreneur-in-residence, executive-in-residence, operating partner, partner, advisor or in similar manner may be compensated by the General Partner, the managing member of the General Partner or their affiliates (e.g., as member or employee), by the Partnership (e.g., as a consultant to the Partnership), or by a portfolio company (e.g., as a consultant to, or founder/officer/director/employee of, such portfolio company) generally as determined by the General Partner, the managing member of the General Partner or their affiliates or the portfolio company in its discretion and (ii) such individuals will be compensated by their respective search vehicles and by their respective portfolio companies. In certain cases, a portfolio company may reimburse the General Partner, the managing member of the General Partner or their affiliates for costs that otherwise would be borne by the General Partner or its affiliates under the Partnership Agreement. In general, the Partnership would not be entitled to benefit from any such reimbursement.

Overall Costs. From the perspective of a Limited Partner, such Limited Partner's share of expenses to be borne by the Partnership (including fees and other expenses not borne by the General Partner) together with the dilution of such Limited Partner's share of Partnership profit resulting from the General Partner's carried interest effectively constitute (as a matter of economics, although not necessarily for accounting, regulatory or tax purposes) a cost of investing into portfolio securities through the Partnership. Prospective Limited Partners should invest in the Partnership only after having made their own determination that the potential benefits of investing in the Partnership outweigh the corresponding costs. As noted elsewhere in this Disclosure Summary, an investment in the Partnership is high-risk, and there can be no assurance that the Partnership will generate sufficient profits to outweigh such costs.

Side Agreements. In accordance with common industry practice, the General Partner may enter into one or more "side letters" or similar agreements with certain Limited Partners pursuant to which the General Partner grants to such Limited Partners specific rights, benefits or privileges that are not made available to Limited Partners generally. Such agreements will be disclosed only to those actual or potential Limited Partners that have separately negotiated with the General Partner for the right to review such agreements.

Capital Calls. Capital calls will be issued by the Partnership from time to time at the discretion of the General Partner, based upon the General Partner's assessment of the needs and opportunities of the Partnership. To satisfy such calls, Limited Partners may need to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash. Except as specifically set forth in the Partnership Agreement, each Limited Partner's obligation to satisfy capital calls will be unconditional. Without limitation on the preceding sentence, a Limited Partner's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Partnership or upon any assessment thereof provided by the General Partner. Notwithstanding the foregoing, the General Partner will not be obligated to call 100 percent of the Limited Partners' capital commitments during the Partnership's term.

Consequences of Failure to Make Contribution in Full. If a Limited Partner fails to satisfy any capital call on a timely basis, the General Partner may elect to cause the defaulting Partner to forfeit up to fifty percent (50%) of

any future profits (but not losses) that otherwise would have been allocable to the defaulting Partner as well as up to fifty percent (50%) of the defaulting Partner's then existing capital account balance. The General Partner may require that the remainder of the defaulting Partner's capital commitment be canceled, and may designate a person to assume the entire unpaid balance of the defaulting Partner's commitment and succeed to all of the rights of the defaulting Partner with respect thereto. The General Partner may pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount, including attorneys' fees, to be paid by the defaulting Partner. The General Partner will be granted additional powers to deal with defaulting Partners in the Partnership Agreement. Accordingly, a Limited Partner that fails to satisfy a substantial number of capital calls, or that remains in default for a substantial period of time, may effectively be required to forfeit its entire interest in the Partnership, while remaining obligated to satisfy its entire capital commitment.

Distributions in Kind. The Partnership may distribute portfolio company securities to the Partners. Except as specifically provided in the Partnership Agreement, such distributions will be made solely at the discretion of the General Partner.

Distributed securities may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the Partners without such sales triggering a price decline which makes it difficult or impossible for all Partners to sell such securities at the distribution price. Nevertheless, the distribution price of such securities will be established under the provisions of the Partnership Agreement and will not be adjusted to reflect actual sale prices obtained by the Partners.

Freedom of Information/Sunshine Laws. Under "freedom of information," "sunshine," "public records" and similar laws, certain governmental or other regulated entities such as state universities and pension funds may be required to publicly disclose confidential information regarding the Partnership or its portfolio companies, notwithstanding contractual obligations (such as those contained in the Partnership Agreement) to the contrary. Any such disclosure could have a material adverse effect upon the Partnership or its portfolio companies, and could even expose the Partnership, the General Partner, the managing member of the General Partner or their affiliates to claims for damages brought by portfolio companies or other persons related thereto. Nevertheless, the Partnership Agreement will not prohibit such entities from being admitted to the Partnership.

No Assurance of Confidentiality. As part of the subscription process and otherwise in their capacity as Limited Partners, investors will provide significant amounts of information about themselves to the General Partner and the Partnership. Under the terms of the Partnership Agreement as well as applicable laws, such information may be made available to other Limited Partners, third parties that have dealings with the Partnership, and governmental authorities (including by means of securities law-required information statements that are open to public inspection).

Concentration of Investments. The Partnership's portfolio may become concentrated in a limited number of companies in certain industries, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified. In certain cases, the Partnership may acquire majority or greater interests in portfolio companies, which could further increase the vulnerability of the portfolio.

Partnership Size. Subject only to specific limitations set forth in the Partnership Agreement, the General Partner will have discretion to determine the amount of capital commitments accepted from Limited Partners. Moreover, the General Partner may be more, or less, successful than anticipated in raising capital for the Partnership. As a consequence, the total amount of capital commitments made to the Partnership may be more or less than any target amount specified to prospective investors by the General Partner. Any such deviation may have a material impact upon the operations of the Partnership. In particular, if the total capital commitments to the Partnership are less than targeted, the Partnership's investment program may be impaired. Nevertheless, prospective Limited Partners should rely only upon minimum and maximum capitalization rules set forth in the Partnership Agreement, if any, and may not otherwise rely upon any expectation that total capital commitments to the Partnership will match any specified target amount.

Service on Boards of Directors, Material Non-Public Information, Etc. Individual members of the General Partner or the managing member of the General Partner or their affiliates may serve as officers or directors of portfolio companies. In their capacity as officers or directors (or even simply by virtue of the Partnership's status as a

significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties which adversely affect the Partnership. For example, the Partnership may be unable to sell or otherwise dispose of portfolio securities if a member of the General Partner is in possession of material, non-public (i.e., “inside”) information relating to the issuer thereof. Nevertheless, the Partnership Agreement will not preclude members of the General Partner or the managing member of the General Partner or their affiliates from serving as officers or directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies. Conversely, the Partnership Agreement will not require that members of the General Partner or the managing member of the General Partner or their affiliates serve as officers or directors of portfolio companies, and there can be no assurance that the General Partner will have a legal right to influence the management of any portfolio company or companies.

In general, if there is a conflict between the fiduciary duties of the General Partner, the managing member of the General Partner or their affiliates to a portfolio company and such person’s fiduciary duties to the Partnership or the Limited Partners, such person’s fiduciary duties to the portfolio company will prevail.

**Litigation Risks.** The Partnership will be subject to a variety of litigation risks, particularly in consequence of the substantial likelihood that one or more portfolio companies will face financial or other difficulties during the term of the Partnership’s investment. For example, it is anticipated that the General Partner, the managing member of the General Partner, or their affiliates may actively assist portfolio companies in differing capacities (including, without limitation, by serving as officers, directors, or advisors). The Partnership may also participate in portfolio company financings at implicit portfolio company valuations lower than the valuations implicit in preceding rounds of financing, vote portfolio company shares in a manner contrary to the interests of other shareholders, or be exposed to flow-through liability for portfolio company debts and obligations (e.g., under laws governing liability for environmental damage). In the event of a dispute arising from any of the foregoing activities (or other activities relating to the operation of the Partnership or the General Partner), it is possible that the Partnership, the General Partner, the managing member of the General Partner or their affiliates may be named as defendants. Under most circumstances, the Partnership will indemnify the General Partner, or the managing member of the General Partner and their affiliates for any costs they incur in connection with such disputes. Beyond direct costs, such disputes may adversely affect the Partnership in a variety of ways, including by distracting the General Partner and harming relationships between the Partnership and its portfolio companies or other investors in such portfolio companies.

To the extent set forth in the Partnership Agreement, Limited Partners may be required to return distributions previously received by them from the Partnership in order to enable the Partnership to make indemnification payments to the General Partner, or the managing member of the General Partner or their affiliates or other indemnified persons. More generally, Limited Partners may be required to return distributions previously received by them from the Partnership to the extent required by applicable law. Such a return obligation may occur, for example, if the Partnership makes a distribution at a time when it is technically insolvent or otherwise unable to satisfy the claims of creditors.

**Complex Investment Products and Structures.** While many of the Partnership’s portfolio investments are not expected to involve complex structures, the General Partner will have broad authority to cause the Partnership to acquire, hold and dispose of more complex investment products and to acquire, hold and dispose of investment products through complex investment structures. Investment products/structures may include, without limitation, debt instruments (bridge, convertible or non-convertible), common stock, warrants, calls, interests in joint venture/syndication holding vehicles, securities that are subject to mandatory redemptions, calls, conversions or similar transactions at the option of issuers or other third parties, interests in fund-type vehicles, depository and similar certificates/interests, notional principal contracts and other derivative interests, and securities that may become traded (if ever) exclusively on non-United States exchanges. Each of these investment products/structures will carry with it unique risks and considerations. Except to the very limited extent set forth in the Partnership Agreement, Limited Partners will have no right to review or approve any such products/structures and will be entirely dependent upon the business judgment of the General Partner.

**Regulatory Concerns.** The Partnership will be subject to a variety of securities laws and other types of governmental regulation in the United States and other jurisdictions that may limit the scope of its operations or impose material compliance costs and other burdens. Such laws and regulations are subject to change at any time.



While the General Partner believes that the Partnership will not be subject to the registration requirements of the United States Investment Company Act of 1940, as amended (the "Investment Company Act"), there can be no assurance that this belief is, or will continue to be, correct. If the Partnership were subject to such registration requirements, the Partnership's performance could be materially adversely affected.

The managing member of the General Partner is in the process of transitioning from an exempt reporting adviser to a fully registered investment adviser under the Advisers Act, and upon such registration, the managing member of the General Partner will be required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws. Any increase in the regulations applicable to private investment funds generally and/or registered investment advisers in particular, may result in increased expenses associated with the Partnership's activities and additional resources of the managing member of the General Partner being devoted to such regulatory reporting and compliance-related obligations, which may have an adverse effect on the ability of the Partnership to effectively achieve its investment objectives. Registration with the SEC as an investment adviser under the Advisers Act does not imply a certain level of skill or training.

Section 205(a)(1) of the Advisers Act generally prohibits a registered investment adviser from receiving compensation on the basis of a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of a client. However, Rule 205-3 under the Advisers Act permits the investment adviser to charge performance fees, provided that investors are "qualified clients" as defined in the rule. A "qualified client" includes any "qualified purchaser" (as defined in the Investment Company Act) as well as other investors meeting certain qualifications. The Partnership's Subscription Agreement and the Partnership Agreement will contain representations and restrictions on transfer designed to ensure that the foregoing qualifications (as applicable) will be met. Additional information regarding the managing member of the General Partner will be set forth in its Form ADV, which, when available, prospective investors and investors should review. A copy of Part 1 and Part 2A of the General Partner's managing member's Form ADV will be available on the SEC's website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) when filed. A copy of Part 2B of the General Partner's managing member's Form ADV will be provided to Limited Partners or prospective investors upon request.

The General Partner is not registered, and believes that it is not otherwise regulated, as a commodity pool operator under rules issued by the United States Commodity Futures Trading Commission (the "CFTC"). Accordingly, the General Partner believes that it generally is not subject to certain restrictions, disclosure requirements and other obligations applicable to registered or unregistered commodity pool operators under CFTC rules, although the General Partner may become subject to such restrictions, requirements and obligations in the future. Under the Partnership Agreement, the General Partner will be authorized to manage and conduct the affairs of the Partnership in a manner that (i) avoids classification of the Partnership as a commodity pool and/or (ii) qualifies the General Partner for exemption from registration as a commodity pool operator, in each case under CFTC rules. Should the General Partner elect to manage and conduct the affairs of the Partnership in such manner, the Partnership's investment and other activities may be constrained. For example, the General Partner may limit the Partnership's use of hedging transactions such as currency or interest rate swaps and thereby expose the Partnership to greater risks with regard to changes in currency exchange or interest rates than if the Partnership took a more flexible approach to hedging. In general, the General Partner will seek to minimize the degree of governmental regulation and oversight to which the General Partner and the Partnership are subject. While it is anticipated that this approach will reduce compliance and other costs, this approach will also eliminate a variety of investor protections (including certain protections arising under the Securities Act, the United States Securities Exchange Act of 1934, the Investment Company Act, and the Investment Advisers Act) that would be available if the General Partner and the Partnership were subject to greater governmental regulation and oversight. In particular, prospective investors are cautioned against assuming the applicability of investor protections generally associated with public offerings of securities. This Disclosure Summary is not a "prospectus" and does not purport to describe or otherwise address all material considerations relating to an investment in the Partnership.

To the maximum extent permitted by applicable law, the General Partner and the Partnership (together with their respective related persons) hereby disclaim any duties, obligations, or status as an advisor, finder, agent, broker or dealer on behalf or in respect of any person in connection with such person's actual or proposed investment in the Partnership.

Compliance with Rule 506 “Bad Actor” Requirements. The Partnership is expected to rely on Rule 506 under the Securities Act for an exemption from registration of interests in the Partnership pursuant to Section 5 of the Securities Act. Compliance with Rule 506 turns upon, among other things, whether any Limited Partner holding twenty percent (20%) or more of the Partnership’s outstanding voting equity securities (a “Rule 506(d) Related Party”) is a “bad actor” within the meaning of Rule 506(d). For this purpose, a Limited Partner may be deemed a “bad actor” if the Limited Partner or its applicable related persons has been subject to certain criminal convictions, SEC disciplinary orders, court injunctions or similar adverse events. To help ensure compliance with Rule 506, the Partnership Agreement will cap the voting rights of any Limited Partner (that otherwise would be a Rule 506(d) Related Party) as necessary to prevent such Limited Partner from being a Rule 506(d) Related Party. Such reduction will apply until the earlier of: (x) a certification by such Limited Partner reasonably acceptable to the General Partner that such Limited Partner (including its applicable related persons) is not a “bad actor” within the meaning of Rule 506(d); or (y) the General Partner’s reasonable determination that such voting rights are no longer relevant under Rule 506 to any prior, ongoing or anticipated offering of interests in the Partnership.

Limited Access to Information. The rights of Limited Partners to information regarding the Partnership and its portfolio companies will be specified, and strictly limited, in the Partnership Agreement. In particular, it is anticipated that the General Partner will obtain certain types of material information that will not be disclosed to Limited Partners. For example, the General Partner may obtain information regarding portfolio companies (e.g., via members of the General Partner, the managing member of the General Partner or their affiliates serving as advisors to, or officers/directors of, portfolio companies) that is material to determining the value of securities issued by such portfolio companies. Such information may be withheld from Limited Partners in order to comply with duties to such portfolio companies or otherwise to protect the interests of such portfolio companies or the Partnership.

Decisions by the General Partner to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example: (i) a Limited Partner that seeks to sell its interest in the Partnership may have difficulty in determining an appropriate price for such interest; (ii) decisions by the General Partner to withhold information may make it difficult for Limited Partners to subject the General Partner to rigorous oversight; and (iii) each communication from the General Partner to one or more Limited Partners must be interpreted in light of the realistic possibility that the General Partner is in possession of undisclosed information relating to the Partnership or its portfolio companies that could be material to a comprehensive assessment of such communication. Overall, prospective investors should not expect the Partnership to be operated with the same degree of “transparency” as a publicly traded corporation.

Limited Term. As set forth in the Partnership Agreement, the Partnership’s “Term” will be limited and may be extended only under certain circumstances. This may place the Partnership at a disadvantage relative to other investment entities that have a longer-term investment horizon and may cause the General Partner, in managing the Partnership, to make investment acquisition or disposition decisions that are less advantageous to the ultimate performance of the Partnership than the decisions the General Partner would have made if the Partnership’s Term were longer. Disadvantages associated with the Partnership’s limited Term include the possibility that the Partnership may sell portfolio securities during the Partnership’s dissolution and liquidation period at lower prices than could have been obtained if the Partnership were able to act as a more “patient” investor. Nevertheless, prospective investors must not assume that the Partnership will complete its liquidation and winding-up within a brief period following the conclusion of the Partnership’s Term. As set forth in the Partnership Agreement, the Partnership’s liquidation and winding-up period may extend for a very substantial period of time due to contingent liabilities associated with the Partnership’s disposition of portfolio securities, lock-ups or other restrictions on the transfer of portfolio securities, or for other reasons. In particular, it is specifically contemplated that the General Partner will cause the Partnership to enter into a variety of transactions (e.g., purchases of non-marketable securities subject to transfer restrictions, sales of portfolio securities that create Partnership contingent obligations for indemnification or purchase price adjustment, and registrations of portfolio securities involving lock-ups) that may not be fully resolved or subject to exit during the Partnership’s Term or a brief period thereafter. Accordingly, prospective investors must be prepared to continue to hold their interests in the Partnership for an extended period following the conclusion of the Partnership’s Term.

Exculpation and Indemnification. The Partnership Agreement will contain provisions that relieve the General Partner, the managing member of the General Partner and their affiliates of liability for certain improper acts or omissions. For example, the General Partner, the managing member of the General Partner and their affiliates generally will not be liable to the Limited Partners or the Partnership for acts or omissions that constitute ordinary negligence. Under certain circumstances, the Partnership may even indemnify the General Partner, the managing member of the General Partner and their affiliates against liability to third parties resulting from such improper acts or omissions.

Furthermore, it is expected that the General Partner will be structured as a limited liability company and that neither the managing member of the General Partner nor its affiliates will be personally liable for the General Partner's debts and obligations. In consequence, Limited Partners may have little or no recourse to the personal assets of the managing member of the General Partner, the General Partner or their affiliates even if the General Partner breaches a duty to the Limited Partners or the Partnership.

Notwithstanding any applicable provisions of the Partnership Agreement, Limited Partners may have, or be entitled to, rights, claims, causes of action or remedies that cannot be waived or forfeited under applicable law. In particular, Limited Partners should consult with their own legal counsel before concluding that any particular claims against the General Partner, the managing member of the General Partner or their affiliates have been waived or forfeited by virtue of the Partnership Agreement or otherwise.

Taxation. Prospective investors are urged to consult their own tax advisors with respect to their own tax situations and the effects of an investment in the partnership. This disclosure summary does not contain any description of the possible tax consequences of an investment in the partnership.

Legal Counsel. Documents relating to the Partnership, including the Subscription Agreement to be completed by each investor as well as the Partnership Agreement, will be detailed and often technical in nature. Legal counsel to the Partnership will represent the interests solely of the General Partner and the Partnership, and will not represent the interests of any investor. Moreover, under the Partnership Agreement, each investor will be required to waive any actual or potential conflicts of interest between such investor and legal counsel to the Partnership. Accordingly, each investor is urged to consult with its own legal counsel before investing in the Partnership or making any other decisions regarding Partnership matters.

In advising as to matters of law (including matters of law described in this Disclosure Summary), legal counsel to the Partnership has relied, and will rely, upon representations of fact made by the General Partner and other persons. Such advice may be materially inaccurate or incomplete if any such representations are themselves inaccurate or incomplete. Legal counsel to the Partnership generally has not undertaken and will not undertake independent investigation with regard to such representations. Legal counsel's representation of the General Partner and the Partnership is and will be limited to specific matters and will not address all legal or related matters that may be material to the General Partner or the Partnership. Moreover, legal counsel has not undertaken to monitor the compliance of the General Partner or the Partnership with any laws, regulations, agreements or other matters. It will be the responsibility of the General Partner to monitor such compliance and to obtain the advice of counsel as the General Partner deems necessary or appropriate.

During the term of the Partnership, legal counsel may concurrently represent both the General Partner and the Partnership, and may advise the General Partner with regard to the General Partner's rights and duties vis-à-vis the Partnership and the Limited Partners. This role may present legal counsel with conflicting interests. The Partnership Agreement will authorize this role for legal counsel, notwithstanding such conflicts, although circumstances may arise in which legal counsel is effectively obligated to terminate its representation of the General Partner and/or the Partnership.

Factual Statements/Track Record Information. Investors are cautioned about the interpretation of track record and similar information relating to prior financial performance, whether contained in this Disclosure Summary or otherwise. The private equity fund industry lacks a comprehensive set of generally accepted rules for calculating and presenting rates of return and other elements of financial performance. Direct comparisons of track record and similar information contained in this Disclosure Summary with corresponding information in marketing and other materials relating to other funds may be misleading. Investors are similarly cautioned about the use of

industry benchmarks, such as “quartile” or “decile” rankings. The private equity fund industry lacks a comprehensive system for collecting and analyzing information from all funds, and commonly used benchmarks may suffer from a variety of deficiencies including, without limitation, inadequate sample sizes, non-representative samples, and inaccurate self-reporting by survey participants.

During the term of the Partnership, the General Partner will provide to the Limited Partners reports and other information regarding the condition and prospects of the Partnership and its portfolio companies. The General Partner’s duties, obligations and liability to the Limited Partners with respect to the content, completeness and accuracy of such information will be determined solely under the Partnership Agreement.

Investors are cautioned that the valuation methodologies employed by the General Partner, particularly with regard to securities of private companies and securities that are subject to lock-ups or other limitations on free marketability, vary from security to security and change from time to time, without notice, for a variety of reasons, including the following: (i) valuation rules under generally accepted accounting principles are in constant evolution; (ii) different methodologies may be more appropriate (in the General Partner’s view) at different stages of a particular portfolio company’s lifecycle (depending, for example, upon whether the portfolio company is generating revenue, is generating profit, has become a candidate for acquisition or IPO, or has readily determinable comparables in the marketplace); (iii) preferences or subordinations applicable to particular portfolio securities; (iv) special circumstances affecting a particular portfolio company (such as actual or threatened litigation, loss of key customers, vendors or personnel, or lack of sufficient operating capital); and (v) the General Partner’s own judgment regarding macro issues such as developments in markets and technologies and micro issues such as the quality of a particular portfolio company’s management or technology personnel. As a general matter, investors and Limited Partners will not have access to the details of the General Partner’s valuation methodologies or to the information utilized by the General Partner in applying such methodologies.

**Definitive Terms and Conditions.** Portions of this Disclosure Summary describe specific terms and conditions expected to be set forth in the Partnership Agreement. The actual terms and conditions set forth in the Partnership Agreement may vary materially from those described in this Disclosure Summary for a variety of reasons including negotiations between the General Partner and prospective Limited Partners prior to the Partnership’s initial closing as well as formal amendments to the Partnership Agreement following such closing. Moreover, the Partnership Agreement will contain highly detailed terms and conditions, many of which are not described fully (or at all) in this Disclosure Summary. In all cases, the Partnership Agreement will supersede this Disclosure Summary. Prospective investors are urged to carefully review the Partnership Agreement, and must also be aware that, pursuant to the rules governing amendments set forth in the Partnership Agreement, certain types of amendments to the Partnership Agreement may be adopted with the consent of less than all Limited Partners.

Prospective investors should note that the private fund industry is not governed by a generally accepted set of terms and conditions for fund limited partnership agreements (and related documents). Important terms and conditions can and do vary from fund to fund. Prospective investors are urged to carefully review the Partnership Agreement and related documents, and not to presume (based upon any prior experience with other private fund documents) the existence or absence of any specific terms and conditions.

**Deemed Consent Upon Failure to Respond.** Pursuant to the Partnership’s Subscription Agreement, a person subscribing for an interest in the Partnership generally authorizes the General Partner to execute the Partnership’s definitive Partnership Agreement on the subscriber’s behalf. It is possible that (due to negotiation with other subscribers or otherwise) the precise terms and conditions of the Partnership Agreement may be modified between the date on which a subscriber executes and delivers its Subscription Agreement and the date of the Partnership’s initial closing. Under the terms of the Subscription Agreement, a subscriber generally will be deemed to have consented to such modifications unless the subscriber notifies the General Partner of its objection within a specified period of time. Similarly, under the terms of the Partnership Agreement, the General Partner may require that the Limited Partners respond within a specified period of time to the General

Partner’s request for consent or approval to an amendment to the Partnership Agreement, or an election, waiver or similar action under the Partnership Agreement, and a Limited Partner that fails to respond with an affirmative objection within such period of time will be deemed to have granted such consent or approval. In any such case,

a Limited Partner may experience a significant change to its rights and obligations under the Partnership Agreement merely by failing to affirmatively object within a specified time period. Accordingly, Limited Partners are urged to pay close attention to all communications from the General Partner.

Special Caution for Investors in Second or Later Closings. It is expected that, following the Partnership's initial closing, the Partnership will engage in a variety of investment and investment-related activities. In connection with such activities, the Partnership and the General Partner likely will obtain confidential information regarding actual or potential portfolio companies. The General Partner and the Partnership generally will not disclose such information to prospective investors in connection with their consideration of an investment in the Partnership. As a more general matter, any person considering an investment in the Partnership (including an existing Limited Partner that is considering an increase to its Capital Commitment) subsequent to the Partnership's initial closing should assume that the General Partner and the Partnership will be in possession of information (such as information relating to actual or prospective portfolio companies, to actual or prospective Limited Partners, or to other matters arising subsequent to such initial closing) which information both: (x) would be material to such person's evaluation of an investment in the Partnership; and (y) will not be disclosed to such person by the General Partner or the Partnership in connection with such evaluation. The General Partner and the Partnership explicitly disclaim any obligation to update this Disclosure Summary to include (or otherwise inform prospective investors of) any such information.

Under some circumstances, a person considering an investment in the Partnership may be provided with copies of the Partnership's financial statements for periods following the initial closing. Any such person is cautioned that it will be inherently difficult to determine the value of private company securities held by the Partnership and that, accordingly, it would be inappropriate to interpret any information set forth in such statements as a representation or warranty regarding the true fair market value of any such securities.

Special Caution for Investors in Parallel Funds. Under the Partnership Agreement the General Partner will be authorized to create one or more funds that invest in parallel with the Partnership. Prospective investors in such funds are cautioned that the limited partnership or limited liability company agreements of such parallel funds may contain terms and conditions that deviate significantly from those described in this Disclosure Summary or in the Partnership Agreement. In particular, investors in an "affiliates" fund or any fund governed by an agreement providing for lower fees or carried interest than the Partnership Agreement are cautioned that the interests of such fund may be subordinated to the interests of the Partnership. Nevertheless, prospective parallel fund investors are urged to carefully consider the risk factors, legends and other disclosure materials in this Disclosure Summary, many or most of which will apply in corresponding manner to the parallel funds.

Legislative and Tax Risk. Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations, particularly for options, swaps, master limited partnerships, Real Estate Investment Trust, Exchange Traded Products/Funds/Securities. We do not engage in tax planning, and in certain circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due. Clients and their personal tax advisors are responsible for how the transactions in their account are reported to the IRS or any other taxing authority.

Information Security Risk. We may be susceptible to risks to the confidentiality and security of its operations and proprietary and customer information. Information risks, including theft or corruption of electronically stored data, denial of service attacks on our website or websites of our third-party service providers, and the unauthorized release of confidential information are a few of the more common risks faced by us and other investment advisers. Data security breaches of our electronic data infrastructure could have the effect of disrupting our operations and compromising our customers' confidential and personally identifiable information. Such breaches could result in an inability of us to conduct business, potential losses, including identity theft and theft of investment funds from customers, and other adverse consequences to customers. We have taken and will continue to take steps to detect and limit the risks associated with these threats.

Dependence on Key Employees. An accounts success depends, in part, upon the ability of our key professionals to achieve the targeted investment goals. The loss of any of these key personnel could adversely impact the ability to achieve such investment goals and objectives of the account.

Liquidity Risk. Subscriber must be prepared to bear the economic risk of investment in the Limited Partnership Interest for an indefinite period of time. Subscriber is encouraged to seek independent legal, investment, accounting and tax advice before executing this subscription agreement.

Loss of Capital. Subscriber is able to bear the risk of loss of Subscriber's entire investment in the Partnership.

### **Item 9 Disciplinary Information**

Search Fund Accelerator, nor any of its Investment Advisor Representatives have been subject to any disciplinary action which would otherwise need to be reported here.

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

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Search Fund Accelerator is not registered and does not have an application pending to register, as a broker dealer and its management persons are not registered as broker/dealer representative.

#### ***Registration as a Futures Commission merchant, Commodity Pool Operator***

Search Fund Accelerator and its management persons are not registered and do not have application pending to register, as a futures commission merchant, commodity pool operator/advisor.

#### ***Relationships Material to this Advisory Business and Possible Conflicts of Interest***

Search Fund Accelerator and its management persons have no relationships material to our advisory business.

#### ***Selection of other Advisors***

Search Fund Accelerator does not recommend or select other investment advisers for its clients.

### **Item 11 Code of Ethics, Conflicts of Interest, and Personal Trading**

#### ***A. Fiduciary Status***

According to SEC law, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. SFA and its representatives have a fiduciary duty to all clients. SFA and its representatives' fiduciary duty to clients is considered the core underlying principle for SFA's Code of Ethics and represents the expected basis for all representatives' dealings with clients. SFA has the responsibility to ensure that the interests of clients are placed ahead of it or its representatives' own investment interest. All representatives will conduct business in an honest, ethical, and fair manner. All representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the representatives' duty of complete loyalty to their clients.

#### ***B. Interest in Client Transactions.***

SFA provides advisory services to specific Pooled Investment Vehicles and their subscribers only. Related Persons of SFA are often involved in these Pooled Investment Vehicles. We will always act in the best interest of the Pooled Investment Vehicles – in line with our fiduciary duty.

#### ***C. Personal Trading of Related Persons.***

Related Persons may invest alongside subscribers. This relationship is always disclosed to potential subscribers when considering an investment in a SFA advised Pooled Investment Vehicle. Related Persons are investing

alongside clients, so, this is typically viewed by investors as beneficial involvement. The Related Persons are taking the same risks as clients and have real measurable skin in the game.

**GP is responsible for 2% of fund.**

### **D. Trading Practices.**

Because Related Persons may invest alongside subscribers, it is occasionally the case that these transactions occur around the same time as each other. To avoid the appearance of a conflict, each subscriber of SFA is always told of the current level of Related Persons investment in any particular Pooled Investment Vehicle. Investors will receive all the same benefits as related persons when investing in the same time frame, consistent with the advisor's fiduciary duty.

## **Item 12 Brokerage Practices**

SFA does not select or recommend broker-dealers for client transactions.

## **Item 13 Review of Accounts**

### **A. Periodic Reviews**

On at least a quarterly basis Search Fund Accelerator will review the standing of client accounts to ensure the specific investor funds are being utilized and treated in line with the terms of the Operating Agreement and Private Placement Memorandum for the specific Pooled Investment Vehicle. This is completed and reported to clients as part of our quarterly reporting cycle. Some Pooled Investment Vehicles advised by Search Fund Accelerator report more frequently than every quarter, in which case the review of client accounts is performed according to that Pooled Investment Vehicle's specific reporting schedule. The nature of the review is to ensure the distributions or reinvestments are being properly recorded. The review is overseen by Matthew A Parker.

### **B. Intermittent Review Factors**

Periodic reviews of client accounts are triggered whenever an investor, custodian, or adviser requests a review.

### **C. Reports**

Limited Access to Information. The rights of Limited Partners to information regarding the Partnership and its portfolio companies will be specified, and strictly limited, in the Partnership Agreement. In particular, it is anticipated that the General Partner will obtain certain types of material information that will not be disclosed to Limited Partners. For example, the General Partner may obtain information regarding portfolio companies (e.g., via members of the General Partner, the managing member of the General Partner or their affiliates serving as advisors to, or officers/directors of, portfolio companies) that is material to determining the value of securities issued by such portfolio companies. Such information may be withheld from Limited Partners in order to comply with duties to such portfolio companies or otherwise to protect the interests of such portfolio companies or the Partnership.

Decisions by the General Partner to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example: (i) a Limited Partner that seeks to sell its interest in the Partnership may have difficulty in determining an appropriate price for such interest; (ii) decisions by the General Partner to withhold information may make it difficult for Limited Partners to subject the General Partner to rigorous oversight; and (iii) each communication from the General Partner to one or more Limited Partners must be interpreted in light of the realistic possibility that the General Partner is in possession of undisclosed information relating to the Partnership or its portfolio companies that could be material to a comprehensive assessment of such communication. Overall, prospective investors should not expect the Partnership to be operated with the same degree of "transparency" as a publicly traded corporation.

Search Fund Accelerator will prepare a written letter for each investor of each Pooled Investment Vehicle as part of its reporting cycle. Investor reports are prepared at a minimum of once per quarter. Quarterly account statements will be sent to Members by Adviser or a qualified custodian on behalf of Adviser. The statements will include:

- (i) the total amount of all additions to and withdrawals from the fund as a whole as well as the opening and closing net asset value of the fund at the end of the quarter;
- (ii) a listing of the fund's long and short positions, including cash equivalent positions, on the closing date of the statement in a form and to the extent required by FASB Rule ASC 946-21-50
- (iii) The total amount of additions to and withdrawals from the fund by the investor as well as the total value of the investor's interest in the fund at the end of the quarter.

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

##### ***Client Referrals***

Adviser will not receive any economic benefit from another person or entity for soliciting or referring clients.

##### ***Other Compensation***

Adviser will not pay another person or entity for referring or soliciting clients for Adviser.

#### **Item 15 Custody**

##### ***A. Custodian of Assets***

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them.

The Pooled Investment Vehicles will receive account statements from qualified custodians such as an FDIC-insured bank for all cash held by each Pooled Investment Vehicle. The institution that we contracted to perform these duties is Pacific Premier Bank in Vancouver, WA.

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

In connection with a Pooled Investment Vehicle's acquisition of assets, SFA will have investment discretion in connection with the management of the assets invested in by the Pooled Investment Vehicle's. SFA will acquire, manage, service, collect, replace and, under certain limited circumstances, liquidate or dispose of the assets for the benefit of a Pooled Investment Vehicle.

The investment discretion authority solely relates to the assets of the Pooled Investment Vehicle's. SFA does not have any client relationships in which it has discretionary authority to manage securities on behalf of client's specific accounts.

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

We will not have authority to vote any securities since the assets of the Pooled Investment Vehicles are not voting securities. The assets of the Pooled Investment Vehicles do not contain securities that include the need to vote proxies. However, should a proxy voting situation arise, we will vote the proxies in the best interest of the Pooled Investment Vehicles.

Note: SFA will be a control investor in all portfolio companies and will have board seats as appropriate based on the overall ownership of the company by the Fund. We will be paid \$80,000 per year by each portfolio company to offset these costs; this monitoring fee can be reduced with the hiring of outside directors.

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

##### ***A. Balance Sheet Requirement***

Search Fund Accelerator is not the qualified custodian for client funds or securities and does not require prepayment of fees of more than \$1200 per client, six (6) months or more in advance.

##### ***B. Financial Condition***



## Search Fund Accelerator

Search Fund Accelerator does not have any financial impairment that would preclude the Firm from meeting contractual commitments to clients.

### ***C. Bankruptcy Petition***

Search Fund Accelerator has not been the subject of a bankruptcy petition at any time during the last 10 years.