



LongWater Opportunities

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Item 1. Cover Page

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March 25, 2024

Part 2A of Form ADV: Firm Brochure

This brochure provides information about the qualifications and business practices of LWO LLC. If you have any questions about the contents of this brochure, please contact us at 469-351-3470 or info@lwopps.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about LWO LLC is available on the SEC's web site at www.adviserinfo.sec.gov

We refer to ourselves as a “registered investment adviser.” Registration does not imply a certain level of skill or training.

Item 2. Material Changes

There have been no material changes to our disclosures since our last filing.

Item 3. Table of Contents

Item 1. Cover Page.....	1
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	5
Item 6. Performance-Based Fees and Side-By-Side Management	7
Item 7. Types of Clients.....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9. Disciplinary Information.....	14
Item 10. Other Financial Industry Activities and Affiliations	14
Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....	15
Item 12. Brokerage Practices	17
Item 13. Review of Accounts.....	19
Item 14. Client Referrals and Other Compensation.....	19
Item 15. Custody	20
Item 16. Investment Discretion.....	20
Item 17. Voting Client Securities.....	20
Item 18. Financial Information	21

Item 4. Advisory Business

LWO LLC (“LongWater,” the “Adviser,” “us,” “we,” and “our” the “Firm”) is a Texas limited liability company formed by Jordan Bastable and Brooks Burgum (“Founding Partners”) in 2009. LongWater provides discretionary investment advisory services to its clients who are private pooled investment vehicles and herein referred to as Fund(s). LongWater provides these services due to a delegation of authority by the general partner of each Fund (collectively, the “General Partners”). As described herein, the General Partners are affiliated entities of LWO LLC.

LongWater is the investment manager of pooled investment vehicles exempted from registration under 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 (“Funds”). LongWater does not anticipate registering such investment vehicles under the Investment Company Act of 1940 and their shares or interests, as applicable, will not be registered under the U.S. Securities Act of 1933. Accordingly, the Funds will not be publicly offered in the United States.

LongWater offers a range of investment strategies, encompassing Private Equity and Private Credit and Custom Solutions.

LongWater’s mission is to generate world-class risk-adjusted returns for our investors by building great American businesses in a responsible way and ensuring we leave a positive and lasting impact on our employees and communities. We focus on a less competitive space within the private equity market and leverage The Founding Partners’ deep experience as family business CEOs to identify strong investments and drive value creation efforts more effectively.

Within our Private Equity Strategy, we target control buyout equity investments in lower middle market, U.S.-based manufacturing companies. We partner with family owner-operators and entrepreneurs as the first institutional investor in companies with a significant opportunity to benefit from operational, financial, and strategic support. LongWater recognizes that long-term value is created through taking a hands-on approach with its portfolio companies to identify and execute strategic and operational initiatives that create sustainable competitive advantages.

The Private Credit and Custom Solution Strategies encompasses various financial solutions. Our Private Credit provides investment opportunities through senior secured, unitranche, second lien, and mezzanine credit. Custom Solutions offers investment solutions through direct minority co-investment opportunities and private equity fund investments, focusing on direct investments to businesses in the lower middle market.

The investment management services provided to the Funds primarily consist of evaluating, structuring, and negotiating investments, monitoring the performance of such investments and other administrative services. These services are provided pursuant to investment management agreements with the Funds. Investment advice is provided directly to each Fund and not individually to the limited partners or investors in the Funds. Investment advice is tailored to

each Fund's investment objectives and the investment restrictions contained in the Funds' governing documents.

We do not participate in wrap fee programs.

As of December 31, 2023, our assets under management (including unfunded capital commitments) are \$278,636,904; all of which are managed on a discretionary basis. We do not manage assets on a non-discretionary basis.

Item 5. Fees and Compensation

As described in each fund's governing documents, the Firm receives an annual management fee from the Funds and performance-based fees (or carried interest) as described in Item 6, Performance-Based Fees and Side-By-Side Management.

The Private Equity Funds generally compensate LongWater for its advisory services through an annual management fee typically equal to 2% of aggregate capital commitments during the Funds' investment period and a percentage of aggregated invested capital, reduced proportionally by the amount of Realized Investments, calculated as of the last business day, preceding each Management Fee payment date. Any management fee payable is paid quarterly by the applicable Fund in advance.

Credit related Funds will pay the annual management fee (the "Management Fee") to the Manager for managing the affairs of the Fund quarterly in advance in an amount equal to an annual 1.5% - 2% of the cost basis of the Portfolio Investments (but excluding any temporary investments) held by the Fund (including, as relevant, any Alternative Investment Vehicles) and its subsidiaries (as calculated pursuant to U.S. generally accepted accounting principles) that have not been disposed of or fully written off. The Fund and any Parallel Investment Vehicles shall pay their *pro rata* share of the Management Fee in accordance with their relative commitments or capital contributions.

Custom Solution funds will generally compensate LongWater for its advisory services through an annual management fee of 2% of Net Invested Capital during the initial investment period. "Net Invested Capital" means an amount equal to the sum of (i) aggregate capital contributions (excluding for this purpose the capital contributions of the Sponsor) attributable to Portfolio Investments held at the time of the relevant calculation (including any Portfolio Investments made through the use of a Bridge Loan), plus (ii) without duplication, any amounts committed by the Fund to, but not called by, any Primary Investment or Secondary Investment, plus (iii) without duplication, recycled amounts attributable to interest or other income from Portfolio Investments, less (iv) amounts contributed for Portfolio Investments that have been fully written off. Following the termination of the Initial Offering Period, the Fund and any Parallel Investment Vehicles will pay an annual management fee to the Manager for managing the affairs of the Fund quarterly in advance in an amount equal to an annual 1.5% of the net asset value of the Fund as of the first Business Day of each quarter *plus* the aggregate amount committed by the Fund to, but not called by, Primary Investments and Secondary Investments

as of such date. The Fund and any Parallel Investment Vehicles shall pay their *pro rata* share of the Ongoing Management Fee in accordance with their relative net asset values.

The management fee, carried interest, or incentive fee has been in the past and may in the future be waived or reduced at the discretion of LongWater and the General Partner of each respective fund. As described in each Fund's governing documents, the General Partner of each Fund, LongWater may admit certain investors who receive terms that are more favorable than those offered to other investors. More favorable terms offered to such investors may include, among other things, reduced or eliminated carried interest, and/or reduced or eliminated management fees.

Neither we nor any of our "supervised persons" accepts compensation for the sale of securities or other investment products.

Additional Fees and Expenses:

The Fund will bear all costs and expenses incurred in connection with the organization of the Fund and the General Partner, including legal and accounting fees, printing costs, travel and out-of-pocket expenses, and all costs and expenses incurred in connection with the offering of Interests ("Organizational Expenses"), pursuant to each Fund's Limited Partnership Agreement.

From time to time, the Firm does receive monitoring, transaction, consulting, directors, and other fees in connection with the activities of the Funds ("Other Fees"). In addition, the Firm is also occasionally reimbursed by the Funds' portfolio companies for expenses we incur in connection with our performance of the services that give rise to Other Fees. In certain circumstances or arrangements, Other Fees received by the Firm may offset management fees payable by each of the Funds. The Firm also bears the economic burden of any placement fees.

Additional fees and expenses for which a fund is responsible are described in the limited partnership agreement of such Fund. Generally, each Fund pays all costs and expenses relating to its operations, including but not limited to: legal, auditing, consulting and accounting fees and expenses; expenses of meetings of its limited partner advisory committee and of limited partners; indemnification and insurance expenses; expenses associated with the acquisition, holding and disposition of its proposed or actual investments (including related due diligence expenses of our personnel); extraordinary expenses such as litigation; interest on and fees and expenses arising out of any permitted borrowing; expenses relating to unconsummated transactions; expenses of liquidating the Fund; and any taxes, fees or other governmental charges levied against the Fund and any expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund. Expenses associated with the acquisition, holding and disposition of an investment may also include the expenses of brokers or dealers to the extent that any such person is engaged in connection with a transaction. See Item 12, *Brokerage Practices*. Such expenses may also include commissions, custodian fees, rating agency fees and other transaction expenses.

The General Partner of a fund may cause the Fund to retain any funds generated by the Fund (including, for the avoidance of doubt, interest and other income, repayment of principal proceeds, and proceeds from the sale or disposition of investments) for use in: recycling such funds for the purpose of paying Fund expenses (including the Management Fee) and meeting the Fund's other obligations and liabilities (including indemnification obligations); and establishing necessary reserves; *provided*, that the General Partner may, in its sole discretion, alternatively determine to cause the Fund to make a distribution in such amount as the General Partner determines.

Expenses that are not attributable to a Fund will become an expense of either the Firm or the relevant Fund's General Partner. Please refer to the Fund offering documents for more information on expenses.

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

Carried interest is a share of the net profits realized on the disposition of investments that is paid to the Funds' General Partners as an incentive to maximize performance of the Funds. The carried interest is a percentage of the net profits and shall be calculated and distributed in accordance with the specific provisions outlined in each Fund's limited partnership agreement. The carried interest/incentive fees charged may differ by fund according to each fund structure. Please refer the PPM and LPA for the fund you are invested in for specific information on carried interest/incentive fees.

With respect to the Funds, the Firm seeks to mitigate this conflict of interest by more closely aligning the interests of the Firm with those of the Funds' investors through employee investments in the Funds and through the "clawback" provisions of the Funds' partnership agreement.

Item 7. Types of Clients

The Firm provides discretionary investment advisory services to private investment vehicles, which are pooled investment vehicles comprised of a variety of qualified investor types including family offices, institutional investors, and high net worth individuals.

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

The following is a summary of LongWater's significant investment strategies, material risks and methods of analysis. This is not intended to address every potential strategic nuance or possible risk of every Fund LongWater offers. Certain risks described below may only apply to certain strategies. Investors in Funds are encouraged to carefully review additional information about investment and other risks in each fund's governing documents.

Private Equity

We strive to achieve long-term capital appreciation primarily through equity and equity-related investments in companies engaged in manufacturing-related activities.

LongWater primarily targets investments that are U.S. based manufacturing and industrial companies, in the Lower Middle Market, however, LongWater may invest in companies that are not engaged in manufacturing or industrial-related activities in the U.S. In our view, the Lower Middle Market is underserved by sophisticated private equity investors, meaning that there is far less capital targeting a far greater population of businesses.

We believe this part of the market will present a compelling investment opportunity over the next 10 to 20 years. Three key themes drive our investment thesis:

1. The Lower Middle Market is underserved by private equity investors and intermediaries and should see increasing deal volume over the next 5 to 10 years, which will enhance the opportunity to acquire businesses at attractive multiples;
2. Secular tailwinds support continued U.S. manufacturing, industrials, and industrial services growth, including a persistent trend towards domestic production and adaptations within supply chains that have evolved from global economic changes; and
3. Partnering with businesses in the Lower Middle Market that may lack sophisticated operations provides investors with clear opportunities to grow businesses and create long-term value.

LongWater differentiates itself by providing full access to the Lower Middle Market. With over 125 years of collective experience, the team at LongWater is committed to collaborative, transparent, and effective partnerships, leveraging our extensive industry knowledge, scale, and infrastructure to tailor solutions for investors, sponsors, and borrowers.

Each investment opportunity will undergo a due diligence process. This process is a comprehensive evaluation which answers two main questions: (i) is the partnership dynamic “right” between LongWater and the seller(s), in terms of strategic vision, transaction structure, and working relationship and (ii) does LongWater’s rough assessment of an investment thesis for the business stand up to more rigorous business diligence?

The “partnership diligence” is much more qualitative, developed over the course of formal meetings and informal conversations with the potential sellers and management team. We want to develop good rapport and trust with management teams early in the diligence process to ensure (a) a shared vision for the future, (b) aligned incentives between sellers, management, and LongWater, and (c) culture and team dynamics that “fit” with LongWater.

The second part of the diligence process is the holistic evaluation of the business to fully vet out the investment opportunity. LongWater strives to invest in companies with a combination of positive intrinsic characteristics and favorable external market factors that maximize the opportunity for significant upside and value creation while limiting downside risk. We seek

investment opportunities where the target company's strengths are sustainable, and any weaknesses can be addressed in the near term. Lastly, LongWater seeks to understand the full set of potential value creation opportunities for the business to build out a strategic roadmap to execute against them.

The Firm partners with family or entrepreneurial owned and operated businesses that are underperforming relative to their potential. A LongWater post-acquisition value creation plan is then tailored for each portfolio company and will include the specific areas that the LongWater team will focus on to ensure long-term growth and sustainability for the business.

Private Credit

Beginning in 2024, the Firm has entered into a new Private Credit strategy.

We seek to provide investors with attractive long-term capital appreciation by investing in a diversified portfolio of direct private credit & minority equity investments as well as private equity fund investments. LongWater believes that this investment strategy will capitalize on the diverse, dynamic nature of the private credit & equity market.

We will focus on direct investments to businesses in the lower middle market that it defines as businesses with less than \$25MM of TTM EBITDA at entry. Direct investments will be comprised of senior secured, unitranche, second lien, mezzanine credit and minority equity co-investments (preferred & common). Equity investments will be non-control and typically coincide with a credit investment in the same business, but there could be circumstances where the Fund may invest equity on a stand-alone basis. A typical investment at entry will range from \$5.0MM to \$25.0MM and may scale with subsequent investments to support growth. We will strive to be the lead or co-lead lender in the majority of the direct credit deals in the portfolio but will also have flexibility to be a participant in deals that have more than two lenders. However, we will not target or plan to participate in larger syndications, which it defines as deals with more than five lenders in the same tranche of debt at initial close. Also, we will endeavor to have board observation rights (as practicable) in the direct debt and minority equity deals.

The overall view on leverage is generally conservative and philosophically, the we believe that it is not in the business' best interest to be over-levered. The appropriate amount of leverage is determined by numerous factors that are unique to each company. Characteristics and metrics used to evaluate the appropriate amount of leverage for a business include the size of the business, gross and EBITDA margins, nature of recurring revenue, free cash flow, competitive positioning, market share, capex requirements, and working capital efficiency, among others. The amount of leverage a business can sustain may increase with scale and improvement in the categories listed above. When evaluating a company's potential debt capacity, our belief is that there is not a one-size fits all approach and numerous factors should be considered, including the rate environment and the impact that has on a company's ability to service its debt obligations.

From a private equity fund investment perspective, Private Credit intends to make primary and secondary commitments to equity buyout funds which also target the lower middle market and intends to make fund commitments to managers with a proven history and track record of strong returns. We intend to utilize our relationships with these managers to source the direct credit and equity opportunities mentioned above.

The investment team will primarily focus on investing in businesses in the United States, across a broad range of industries.

Risks

Acquiring an interest in a Fund involves several risks. An investment in a Fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and can bear such risk. No guarantee or representation is made that a Fund will achieve its investment objective or that investors will receive a return of their capital. The discussion below of risks associated with an investment in the Funds does not purport to be an exhaustive list of all such risks. Please see the confidential private placement memoranda of the Funds for a more detailed discussion of risks.

New Entity Risk. LongWater has entered into a new investment strategy requiring the establishment of funds that are newly formed and future prospects for these funds are extremely difficult to evaluate. As a result, these funds do not have any investment history on which an evaluation of prospects can be based. If a new fund's investment strategy is not successful, an investment in the Fund could significantly diminish in value or be lost completely.

Risks Associated with Manufacturing. The Fund's investments will be concentrated in manufacturing activities in the United States and will be subject to risks related to production and distribution capabilities, operational and technical disruptions, environmental laws and regulations, supplier delays, and product liability, recalls or defects.

Reliance on Key Personnel. The success of the Funds depend, in substantial part on the skill and expertise of the principals and other employees of the Advisor. There can be no assurance that the principals or other employees of the Advisor will continue to be employed by the Advisor throughout the life of the Fund. The loss of key personnel could have a material adverse effect on the Fund.

Management Risk. While it is the intent of the General Partner to invest in companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. Although the Advisor will monitor the performance of each investment, the Fund will rely upon management to operate the portfolio companies on a day-to-day basis.

Private Equity Investment Risk. The types of investments that the Funds make involve a high degree of risk. In general, financial, and operating risks confronting portfolio companies can

be significant. Private equity portfolio companies are acquired through privately negotiated transactions and there can be no assurance that LongWater will acquire (or subsequently dispose) of portfolio investments at an optimal price. Additionally, there can be no assurance that any investment due diligence process will uncover all latent defects. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Funds will be adequately compensated for the risks taken. Losses are likely to occur early in the Funds' terms, while successes often require a long maturation. The portfolio companies in which the Funds invest may have complex and/or non-optimal capitalization structures and may need assistance to expand or reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company, which if not properly implemented could give rise to potentially significant decreases in enterprise value. Changes in regulations by the Federal Government carry potentially significant tax and legal uncertainties, even retroactively.

Management of Growth. To achieve their projected revenues and other targeted operating results, the portfolio companies may be required to rapidly implement and improve operational, financial and management control systems on a timely basis, together with maintaining effective cost controls, and any failure to do so would have a material adverse effect on their business, financial condition and results of operations. The success of their growth plans will depend in part upon their ability to continue to attract, retain and motivate key personnel. Failure to make the required expansions and upgrades could have a material adverse effect on their business, financial condition, results of operations and relationships with their corporate partners. The results of operations for the companies will also be adversely affected if revenues do not increase sufficiently to compensate for the increase in operating expenses resulting from any expansion and there can be no assurance that any expansion will be profitable or will not adversely affect their results of operations.

Nature of Investment. An investment in the Fund requires a long-term commitment, with no certainty of return. Although some investments may generate current income, many investments will generate little or no near-term cash-flows to the Partners as a return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. Many of the Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize returns on such investments in a timely manner. A Fund may also make investments that may not be advantageously disposed of prior to the date that that Fund will be wound up and dissolved, either by expiration of the Fund's term or otherwise. A Fund may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. The Funds face competition from numerous competitors in all fields of activity. The Funds compete for investments with a variety of other investment vehicles, as well as individuals, financial institutions, and other institutional investors. There can be no

assurance that the Funds will be able to locate and complete investments that satisfy their investment objectives or permit the full investment of all available capital.

Interest Rate Risk. Changes in interest rates may affect the value of a funds' portfolio investments indirectly (especially in the case of fixed-rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate-debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors).

Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Factors that may affect interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental, monetary and tax policies, domestic and international economic and political considerations, trade surpluses and deficits, international disorders and instability in U.S. and non-U.S. financial markets and other factors beyond the control of the funds. This risk will be greater for long-term securities than for short-term securities. Funds associated with this risk expect that it will periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, a fund may not be able to manage this risk effectively. If a fund is unable to manage interest rate risk effectively, performance of the respective fund could be adversely affected.

Credit Risk. Credit risk refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument and how this risk changes over time. The financial strength and solvency of an issuer or counterparty and the priority of the lien are the primary factors influencing credit risk. A borrower's ability to repay its loans may be adversely affected by numerous factors, including, without limitation, failure to meet its business plan, a downturn in its industry or negative economic conditions. Loans that become non-performing may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if such restructuring were successfully accomplished, a risk exists that upon maturity of such loan, replacement "take-out" financing will not be available. There is no assurance that the value of any collateral will be sufficient to protect all or a portion of the related investment. Deterioration in a borrower's financial condition and prospects may be accompanied by deterioration in the value of any collateral and a reduction in the likelihood of capitalizing on any guarantees that may have been obtained from the borrower or other parties. A borrower's failure to satisfy financial or operating covenants imposed under the related investment could lead to defaults and, potentially, acceleration of the time when the investment is due. Foreclosure on any assets securing an investment could trigger cross defaults under other loans

of the borrower (or vice versa) and could result in prepayment of the investment (or such other loans) or jeopardize the borrower's ability to meet its obligations under the investment.

Leverage. The Fund may invest in securities of highly leveraged companies. While these investments are likely to be particularly risky, they also may offer the potential for correspondingly high returns. In addition, each of the Fund's portfolio companies or their assets may be pledged to third-parties, including senior lenders and could be foreclosed upon or otherwise acquired by such parties under certain circumstances, including an incipient or unremedied default. Under certain circumstances, payments to the Fund and distributions by the Fund to the Limited Partners may be reclaimed if any such payment is later determined to have been a preferential payment.

Concentration of Investments. Each Fund generally invests in a limited number of portfolio companies and, as a result, its returns may be affected by the performance of a single investment.

Systems and Operational Risks. Each fund depends on the General Partner and the Manager to develop and implement appropriate systems for each fund's activities. They rely heavily and on a daily basis on financial, accounting, and other data processing systems to execute, clear and settle transactions and to evaluate certain investments, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Fund's activities. In addition, each fund relies on information systems to store sensitive information about the fund, the general partner, the manager, their respective affiliates and the investors. Each of the fund's, the general partner's and the manager's activities will be dependent upon systems operated by third parties, including prime brokers, administrators, market counterparties and other service providers, and the general partner or the manager may not be in a position to verify the risks or reliability of such third-party systems. Errors are inherent in the business and operations of any business, and although the general partner and the manager will adopt measures to prevent and detect errors by, and misconduct of, counterparties and third-party service providers, and transact with counterparties and third-party service providers it believes to be reliable, such measures may not be effective in all cases. Failures in the systems employed by the general partner, the manager, prime brokers, administrators, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. In addition, despite the security measures established by the general partner, the manager and third parties to safeguard the information in these systems, such systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise these systems and result in the theft, loss or public dissemination of the information stored therein. Disruptions or breach in each of the fund's operations or information systems may cause a fund to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a fund and the investors' investments therein.

Cybersecurity Risk. LongWater, its affiliates, service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of LongWater and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Funds, service providers, counterparties, or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of our systems to disclose sensitive information to gain access to our data or that of the Funds' investors. A successful penetration or circumvention of the security of our systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, LongWater or any of their respective affiliates or service providers to incur regulatory penalties, reputational damage, additional compliance costs or monetary loss.

Item 9. Disciplinary Information

LongWater and its employees have not been involved in any legal or disciplinary events that would be material to an investor's or prospective investor's evaluation of the Firm or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

LWO Partners, LP, a Delaware limited partnership, serves as General Partner to certain LongWater Funds and is an affiliate of the Adviser. LWO Partners, LP is responsible for the operation and management of the Fund and is a relying adviser.

LWO Partners III, LP, a Delaware limited partnership, serves as the General Partner to certain LongWater Funds and is an affiliate of the Adviser. LWO Partners III, LP is responsible for the operation and management of the Fund and is a relying adviser.

LWO SOF I GP, LP, a Delaware limited partnership, serves as the General Partner to a LongWater Fund and is an affiliate of the Adviser. LWO SOF I GP, LP is responsible for the operation and management of the Fund and is a relying adviser.

LongWater is under common control with each of the General Partners of the Funds advised by the Firm.

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

LongWater has adopted a Code of Ethics pursuant to Rule 204A-1 (the “Code”) under the Investment Advisers Act of 1940, which requires each of our employees to comply with all applicable federal and state laws and regulations. The Code makes clear that our business will be conducted consistently with high ethical standards. The trust of our investors and the firm’s reputation are of paramount importance. To that end, the Code requires each employee to avoid any action that results in a conflict of interest with the Firm and its clients, prohibits outside business activities without the consent of the Chief Compliance Officer (“CCO”), prohibits trading based on material non-public information and prohibits accepting extravagant gifts or entertainment from the Firm’s business relationships.

The Code is available by contacting LongWater’s CCO at jill@lwopps.com.

Personal Trading

To mitigate conflicts of interest arising from personal trading and others that may arise, LongWater has established policies requiring prior written approval from the CCO for any supervised person to acquire beneficial ownership of any securities in a private placement or initial public offering. The CCO must be provided with full details of the proposed transaction (including certification that the investment opportunity did not arise by virtue of the person’s activities on behalf of a Fund) and, if approved, is subject to continuous monitoring for potential future conflicts of interest.

All employees are required to certify annually that they have complied with the Code and to make annual reports regarding their personal securities account holdings and quarterly reports regarding their personal securities trading activity.

Conflicts of Interest

Conflicts of interest may exist between various individuals and entities, including the Firm, its employees, and/or our portfolio companies. Any failure to identify or properly address a conflict may have severe negative repercussions and, in some cases, may result in litigation and/or disciplinary action.

While the Firm’s policies and procedures have been designed to identify and properly disclose, mitigate and/or eliminate applicable risks of conflicts of interest, such policies and procedures cannot address every potential conflict. Employees must use their judgment in identifying and responding to actual or apparent conflicts. If an employee believes that a conflict of interest has not been identified or appropriately addressed, that employee is requested to promptly bring the issue to the attention of the Chief Compliance Officer.

LongWater has identified the following conflicts of interest:

- A Founding Partner, in his personal capacity, owns a real estate property and receives rental income on that real estate property from a portfolio company tenant held by an LWO Fund. The rent paid by the portfolio company is negotiated on an arm's length basis and is in line with industry market rates for similar properties in the same geographic area.
- The Founding Partners have provided, and may provide in the future, a promissory note to a portfolio company held by an LWO Fund. This note is short term in nature, and is to provide a cash bridge for the company due to the cyclical nature of its operations. The interest rate charged on the note is in line with third party rates available via other financial institutions.

Participation or Interest in Client Transactions

LongWater, and other affiliated entities, serves as the investment adviser and General Partner, respectively, to each of the Funds. Each Fund's General Partner has an investment in the respective Fund. Therefore, LongWater may be considered to participate indirectly in transactions affected by those clients. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in the respective Funds' offering documents.

Side Letters

LongWater has and will enter into side letters with certain investors who negotiate specific terms or conditions for their investment. These terms may include special rights with respect to reduced fees, or more frequent or specialized reports; and rights to reduced rates or management fees. These agreements could create preferences or priorities for certain investors as compared to other investors. The General Partner may enter into these separate agreements without the consent of, or notice to, other investors. Investors are not entitled to participate in any special arrangement without the prior approval of LongWater.

Co-Investment Opportunities

To the extent that the total investment opportunity exceeds the aggregate amount that LongWater determines to allocate among the Funds in accordance with the procedures described above, LongWater may allocate the excess to other Eligible Investors (as defined below) up to the maximum remaining amount of the investment opportunity.

In the event that an Eligible Investor (as defined below) is provided with the opportunity to invest in a transaction, such Eligible Investor will be contacted (orally or in writing) of the investment opportunity by a member of LongWater's investment team.

Participation in co-investments is limited to parties with such knowledge and experience in financial and business matters necessary to make them capable of evaluating the merits and risks of the prospective investment ("**Eligible Investors**"). LongWater will determine, in its

sole discretion, whether a party is eligible to participate in any co-investment opportunity and may consider factors (the “**Allocation Factors**”) such as: i) any agreements or side letters with Eligible Investors granting co-investment priority; ii) whether the Eligible Investor is considered “strategic” to the investment because it is able to offer LongWater certain benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether LongWater believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to LongWater; iii) perceived interest of the Eligible Investor; iv) perceived ability to quickly execute on a transaction; v) tax, regulatory and/or securities law considerations; vi) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; vii) the expertise, knowledge and sophistication of the proposed Eligible Investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; viii) any requests or preferences of the proposed portfolio company; and ix) any other considerations that LongWater deems relevant in its sole discretion.

Participation in a co-invest transaction may be offered to one or more Eligible Investors taking into account the factors above, and may be allocated among such selected Eligible Investors in any proportion determined by LongWater in its sole discretion, subject to any restrictions on allocation set forth in any agreements or side letters with Eligible Investors granting co-investment priority.

In certain situations, LongWater may offer one or more co-investment opportunities to the Funds’ limited partners in the sole discretion of the General Partner; however, the General Partner shall have no obligation to offer any such co-investment opportunities to the Funds’ limited partners, and there can be no assurance that the Adviser will be able to identify co-investors or that a particular co-investment opportunity will not be offered to third parties other than the Funds’ limited partners. LongWater will monitor the potential for conflicts of interest in connection with co-investment opportunities, especially those that may arise when an unaffiliated third party that is not a limited partner of the Fund is offered a co-investment opportunity and will seek to ensure that all relevant parties receive disclosure regarding such conflicts of interest.

Item 12. Brokerage Practices

LongWater focuses on making investments in private securities. Thus, it does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable regarding such investments.

However, in the case of temporary investments or securities of portfolio companies that go public or are acquired by publicly traded entities, LongWater would be in the position of selecting broker dealers on behalf of the Funds.

There are no restrictions on LongWater's authority to determine, without obtaining specific Fund consent, the brokers or dealers used for this purpose. Thus, to the limited extent the Funds engage in transactions other than investments in private securities of a Portfolio Company, LongWater has the authority to determine the financial intermediaries to be used for such transactions and to negotiate the amount of commission or other compensation to be paid to such intermediaries in connection with such transactions. If LongWater determines to engage a broker, it will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness, and the value of research provided, if any.

Allocation of Investment Opportunities

LongWater has instituted policies and procedures to ensure that it will conduct transactions with appropriate care and diligence, treat each Fund fairly, maintain the Funds' investment objectives, and appropriately resolve all material conflicts of interest, if necessary. As a fiduciary, LongWater's allocation policy is governed by the principles of fair and equitable allocation to all Funds, with no particular Fund being favored or disfavored over any other Fund.

If LongWater determines that it would be appropriate for more than one Fund to participate in an investment opportunity, LongWater will seek to allocate the investment opportunity to all of the participating Funds on a fair and equitable basis. As applicable, investment opportunities will be allocated pro rata based upon the allocation percentages set forth in the Memorandum as relevant to each particular investment opportunity; provided, however, that LongWater, in its sole discretion, may make allocations based upon other considerations in a manner consistent with LongWater's fiduciary obligations to the participating Funds and allocation provisions set forth in required disclosure documents. In any such situation, The Investment Committee of the respective Fund, will consult with the CCO and provide their recommendation for the investment allocation, ensuring the considerations described in this Allocation policy are adhered to. For example, in certain circumstances, LongWater may not be able to allocate an investment opportunity (or portion thereof) to a Fund because of minimum investment restrictions or excessive costs. In these situations, LongWater will determine which Funds will participate in such an investment opportunity. Funds without sufficient investment capital will typically not participate.

Notwithstanding the foregoing, LongWater may deviate from the above processes and establish an alternative allocation, provided that Funds receive fair and equitable treatment and the reason for the alternative allocation and basis for determining that it treats the Funds equitably is documented, approved in advance, and retained by LongWater.

Expenses arising from a potential investment that fails to be consummated shall be allocated to the Fund in a prorated amount determined in accordance with the Limited Partnership Agreement.

Principal Transactions

The General Partner, the Adviser or any of their affiliates may, on occasion, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest in a LongWater Fund in connection with certain “warehousing” transactions, provided that the sale is consistent with their fiduciary obligations to the Fund. Such transactions will be fully disclosed and the written consent of the Fund (which may be provided by the Advisory Committee) will be obtained prior to the consummation of any such transactions.

Cross Transactions

LongWater may participate in crossing assets between LongWater Funds. Any cross trade would require the written pre-approval of the applicable LongWater Investment Committee or Limited Partner Advisory Committee, who would, among other things, ensure that the transaction was at a demonstrably fair price and in each participating Fund’s best interests and was made in accordance with each LongWater Fund’s limited partnership agreement. For avoidance of doubt and any perceived conflict of interest, one Fund managed by LongWater will not provide the initial financing (i.e., make a credit or debt-like investment), if another Fund managed by LongWater holds the controlling equity interest of the target at close (controlled buyout).

A “cross trade” occurs when an investment adviser affects a transaction between two (or more) of its managed accounts.

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. This is of importance if LongWater is ever affiliated with a broker-dealer entity, which would require additional compliance policies.

Item 13. Review of Accounts

We review all Funds on a current basis. Each Funds’ limited partners receive unaudited quarterly financial statements, audited annual financial statements and annual tax information for the completion of income tax returns. Funds are also reviewed no less than quarterly by the limited partner advisory committee specific to each Fund. These committees review the performance and valuation of individual investments with the Adviser.

Item 14. Client Referrals and Other Compensation

To the extent Firm pays fees to unaffiliated placement agents for investor referrals, all such activities will be conducted in a manner that is consistent with relevant SEC requirements and

guidance. Any new arrangements with placement agents must be approved in advance by the Firm's Chief Compliance Officer, be formalized in writing and contain a duty to disclose certain information to investors/prospective investors under Rule 206(4)-1 of the Advisers Act.

Rule 206(4)-1 of the Advisers Act was recently amended to provide that placement agents are considered promoters and as such must follow the endorsement provisions of the Rule. The Firm will work with its placement agents to ensure that the required investor/prospect disclosures are made. These disclosures will include cash and non-cash compensation received, any material conflicts of interest that may exist, state the registration status of the promoter placement agent, and state whether the investor will pay a specific fee or a higher management fee due to the referral arrangement.

Item 15. Custody

LongWater, as the adviser to pooled investment vehicles, has related persons that are considered to maintain custody of Fund assets (Fund General Partners). Rule 206(4)-2 of the Advisers Act sets forth the rules for advisers who have related persons which maintain custody of client funds and securities. It is LongWater's policy to comply with these rules through the maintenance of separate custodial arrangements with qualified bank custodians, the issuance of quarterly statements to investors showing the investors' securities and funds, and an annual independent financial audit of the Funds performed by third-party unrelated public accountants. All investors receive copies of the audited financial statements in accordance with Rule 206(4)-2. It is LongWater's policy that all funds, securities, and other assets are maintained in the name of the respective Fund. Any private stock certificates held by LongWater are maintained in accordance with SEC guidance regarding privately offered securities under the Act's Custody Rule.

Item 16. Investment Discretion

As discussed above, we provide discretionary investment advice to the Funds pursuant to an investment management agreement with each Fund. Each such investment management agreement, together with the management authority granted to the General Partners of the Funds pursuant to the Funds' limited partnership agreements, provides LongWater with full discretion to determine investments to be purchased and sold on behalf of a Fund and the terms of the related transaction. Limitations on investment discretion are set forth in the investment management agreements with, and the limited partnership agreements of, the Funds.

Item 17. Voting Client Securities

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. We will ensure that a record of each

securities position held by each Fund is maintained and, where any such vote is to occur, we will ensure that it receives all relevant information, disclosure materials and such proxies or consents as are necessary for us to cast votes in a timely manner.

LongWater will also determine where there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. If we determine that there is no material conflict of interest, then we will make the voting determination and take the required voting action. If we determine that, due to a conflict of interest, we are not capable of making an independent determination as to the voting decision then generally the voting decision will be recommended by the applicable limited partner advisory committee.

A copy of the proxy voting policies and procedures will be provided to any client and prospective client upon request.

Item 18. Financial Information

LongWater has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.