

Part 2A of Form ADV - FIRM BROCHURE

Item 1 – Cover Page

CROSTIMBERS CAPITAL GROUP, LLC

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Crosstimbers Capital Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (832) 487-0000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Crosstimbers Capital Group, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Crosstimbers Capital Group, LLC is a registered investment adviser. Registration with the SEC or any state as an investment adviser does not imply that Crosstimbers Capital Group, LLC or any principal employees of Crosstimbers Capital Group, LLC possess a particular level of skill or training.

March 22, 2024

Item 2 – Material Changes

This section of the Brochure addresses “material changes” that have taken place since the last annual update and will be posted on the SEC’s public disclosure website (IAPD). Pursuant to SEC Rules, Crosstimbers Capital Group, LLC will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’s fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Since the date of our last annual update, no such material changes have occurred.

Currently, a copy of this brochure may be requested by contacting Andrew Browning, Chief Compliance Officer at 832-487-0000.

Additional information about Crosstimbers Capital Group, LLC is also available via the SEC’s web site www.advisorinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Crosstimbers Capital Group, LLC who are registered, or are required to be registered, as investment Advisor representatives.

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Item 4 - Advisory Business

- A. Crosstimbers Capital Group, LLC (“Crosstimbers” or the “Adviser”) is a Delaware limited liability company and has its principal place of business in Houston, Texas. Crosstimbers acts as an investment adviser to sixteen privately offered closed-end pooled investment vehicles (each a “Fund” and, collectively, the “Funds”), for sophisticated, qualified investors (“Investors” or “Limited Partners”) that contribute capital (“Capital Contributions”) to the Funds held in the Funds’ “Capital Account.” *

The Adviser was formed in 2016. The Adviser’s principal owners are DLH Advisors, LLC, solely owned by David Hollon, and Treadstone Advisors, LLC, solely owned by Trevor Brock (with David Hollon and Trevor Brock being collectively referred to as the “Principals”).

- B. Crosstimbers pursues its investment strategy of investing in small to mid-sized enterprises (“SME”) through managing the Funds. Crosstimbers has discretion with respect to investment decisions made for the Funds. Crosstimbers provides investment advisory services to the Funds based on the investment objectives and strategies described in the Funds’ confidential offering memoranda and governing documents (referred to collectively as “Offering Documents”).
- C. Crosstimbers has sixteen clients, the Funds. Crosstimbers follows the investment strategy described in the Funds’ Offering Documents.
- D. The Adviser will not participate in wrap fee programs.
- E. As of December 31, 2023, the Adviser managed \$712,890,579.02 on a discretionary basis. The Adviser did not have any Client accounts managed on a non-discretionary basis.

* As a registered investment adviser, the Adviser owes a fiduciary duty to all of its clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the “client” of an investment adviser to a private fund is the fund itself and not an Investor in the fund.

Item 5 - Fees and Compensation

The fees and expenses associated with investments in each Fund are described in detail in its respective Offering Documents. It is critical that all Fund investors refer to the applicable Fund's Offering Documents for a complete understanding of how the Adviser and its affiliates are compensated for advisory services. Crosstimbers acts as investment adviser to the Funds, each a Delaware limited partnership. An affiliate of Crosstimbers acts as general partner to each Fund. Each Affiliate of Crosstimbers that acts as the general partner of a Fund is referred to herein as a "General Partner."

Crosstimbers may, in its sole discretion, manage other funds or accounts with higher or lower fees, different fee structures and different expense payment arrangements than the Funds. To the extent permitted by regulations governing the Adviser or the Funds, the General Partner of any given Fund, may agree with one or more of that Fund's Limited Partners to waive or modify the application provisions of the Funds' Offering Documents, including the fees charged and other economic terms, with respect to such Limited Partner, provided that the Fund gives any required notices and makes any required disclosures

The following information is a summary only and is qualified in its entirety by each applicable Fund's Governing Documents:

- A. *Management Fee.* The Adviser is generally entitled to annual compensation, payable quarterly in advance. This fee is generally equal to a percentage of: (i) the total limited partnership commitments during the investment period, and then a percentage of unfunded commitments following the investment period, or in some cases (ii) funded commitments (the "Management Fee"). Additionally, the Adviser may receive fees from portfolio companies or others in connection with financing, advisory and management services and, subject to the terms of each Fund's Offering Documents, such fees allocable to the Adviser's Fund may be offset against the Management Fees. Offsets against Management Fee may be carried forward as necessary.

Carried Interest. While certain factors that influence the amount Adviser is entitled to receive vary in material ways from Fund to Fund, the Adviser is generally entitled to receive a portion of the proceeds from the disposition of a Fund's investments, together with any dividends, distributions or interest earned on such investments. In a typical Fund, such proceeds are first distributed to the participating Investors until they have each received a full return of their respective capital and have additionally received a stated preferred return on their respective capital. Next, the General Partner typically receives all remaining proceeds until it has received a certain percentage of the aggregate distributions made with respect to amounts initially apportioned to participating Investors and attributable to such investment. The percentage of those distributions which the General Partner receives at this stage varies from Fund to Fund but it is typically between one and three percent. Proceeds still remaining thereafter will usually be distributed simultaneously to participating Investors, who typically receive 80% or more, and the General Partner, which typically receives 20% or less ("Carried Interest").

Item 5 - Fees and Compensation (Continued)

Fixed Fee. The Adviser may also be entitled to receive compensation from Funds in the form of fixed-sum payments in agreed amounts and at agreed intervals (“Fixed Fees”).

- B. Management Fees are deducted directly from Fund assets and paid to the Adviser and its affiliates in the same manner and frequency specified in A. above. When Adviser has agreed to be compensated with Fixed Fees, they may be paid only in the agreed upon manner.
- C. The Funds may incur normal and customary expenses relating to its operations, and such expenses are allocated among the Investors in the Fund pursuant to the terms of its operating agreement. If the Adviser reasonably believes that it will be beneficial to do so, the Adviser may choose to directly provide to one or more of the Funds services which those Funds have previously obtained from external providers or might otherwise obtain from external providers. In such instances, the Adviser will ensure that such services are rendered and that Adviser is reimbursed or compensated for those services by the relevant Funds in accordance with the Governing Documents of the relevant Funds.
- D. The Adviser charges Management Fees quarterly in advance. Management Fee installments for any period other than a full quarterly period shall be adjusted on a pro rata basis according to the actual number of days elapsed. When Adviser has agreed to be compensated with Fixed Fees, Adviser will charge them only at the agreed intervals and will adjust them only as agreed.
- E. Other than as described above, neither Crosstimbers nor any of its supervised persons receives any additional compensation from the sale of securities or other investment products. However, in connection with each Fund investment, Crosstimbers or one of its affiliates may enter into a service agreement with the portfolio company for certain consulting, operational and business advisory services, and in connection therewith may earn certain advisory, monitoring, break-up, commitment, directors’ or similar fees, which may be offset against Management Fees as specified in subsection A of this Item 5.

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

As stated in Item 5 above, affiliates of Crosstimbers may receive Carried Interest from the Funds. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities.

Item 7 - Types of Clients

Crosstimbers provides investment advisory services to each Fund based on the investment objectives and strategies described in that Fund's respective Offering Documents. Crosstimbers, in its sole discretion, may manage other funds or accounts with different objectives, higher or lower fees and different fee structures than the Funds.

Investors in the Funds will be required to complete and submit a subscription agreement binding them to the terms of the Funds' governing documents. Crosstimbers only admits "accredited investors", as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 and "qualified clients" as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended. Although Crosstimbers serves some venture capital Funds that require a substantially lower minimum investment, most of the Funds require a minimum investment of \$1,000,000. However, each Fund's General Partner may accept lesser investment amounts in its sole discretion, to the extent permitted by regulations governing the Adviser or the Fund.

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

- A. Crosstimbers' primary investment strategy is to make early-stage direct investments in platform companies that acquire, develop, and operate tangible assets. Crosstimbers' strategy of providing formation capital to tangible-asset businesses combines attractive characteristics of early-stage venture, growth private equity, and infrastructure investing. Like venture investors, Crosstimbers seeks to secure favorable valuations by investing early in the life of a business. Like growth private equity, Crosstimbers seeks to invest onto the balance sheet of a company, fund its capital over time, and take a control position to ensure operational execution and to manage risk. Finally, like infrastructure investors, Crosstimbers seeks to invest the majority of its capital into tangible assets that generate predictable cash flows and provide substantial liquidation value and downside protection.

In service of the firm's strategy, Crosstimbers deploys a consistent investment process, from sourcing to exit, that seeks to maximize the likelihood of a company's success. Crosstimbers sources proprietary investment opportunities directly from its established network of high-trust relationships and structures each partnership for mutual benefit. Crosstimbers expects to face limited competition for deal flow due to the scarcity of infrastructure sponsors competing at the venture stage and the scarcity of venture sponsors competing for asset-intensive businesses.

Once an investment is made, Crosstimbers deploys a repeatable, proprietary playbook to help solve the problems common to fast-growing infrastructure platforms. As an engaged partner, Crosstimbers also plays a key role in enabling its companies to access the capital markets and best position themselves for exit.

Crosstimbers recognizes that compelling investment opportunities can take many forms and it retains the right to selectively pursue other types of portfolio investments, such as certain project financings.

The foregoing discussion includes and is based upon numerous assumptions and opinions of Crosstimbers concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that any of Crosstimbers' Funds will achieve profitable results or that the Limited Partners will not incur substantial or total losses.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

- B. Crosstimbers' private equity investment strategies and the investments the Funds make to carry out these strategies involve a high degree of business and financial risk that could result in substantial losses and which are suitable only for Investors prepared to bear such risk. The list of risk factors below is not intended to be exhaustive. Prospective Investors should carefully review the risks described in each Fund's Offering Documents.

General Nature of the Funds' Investments. A substantial portion of the Funds' investments will be in equity or equity-related investments which by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that can result in substantial losses. There can be no assurance that the Principals will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Valuations and market movements of the Funds' investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of the Funds' investments. As a result, the Funds' performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. A portion of the Funds' investments may involve under-performing companies or companies identified by the Management Company as being in need of additional capital. The financial condition of such companies may be weak or their balance sheets highly leveraged, and any investment in them may involve a high degree of risk.

Portfolio Concentration. Diversification is not an objective of the Fund. Each Funds' portfolio may include a small number of large positions. While this portfolio concentration may enhance total returns to the Partners, if any large position has a material loss, then returns to the Partners may be lower than if they had invested in a well-diversified portfolio.

Illiquidity of Investments. An investment in any of the Funds requires a long-term commitment with no certainty of return. It is unlikely there will be near-term cash flow available. Many of the Funds' investments will be highly illiquid, and there can be no assurance that the Funds will be able to realize such investments at attractive valuations or otherwise be able to affect a successful realization or exit strategy. Consequently, dispositions of such investments may require a lengthy period or may result in distributions in-kind. Additionally, the Funds may acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in accordance with Rule 144 promulgated under the Securities Act. There can be no assurance that private purchasers can or will be found for the Funds' investments.

Contingent Liability on Disposition of Investments. Many of the Funds' investments will involve private securities. In connection with the disposition of an investment in private securities, the Funds may be required to make representations about the business and financial affairs of the company typical of those made in connection with the sale of a business. The Funds also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

incur contingent liabilities that ultimately might yield funding obligations that must be satisfied by the Limited Partners to the extent of their capital commitments.

Difficulty of Locating Suitable Investments. Identifying attractive investment opportunities is difficult and it involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Competition for such opportunities is expected to be substantial. There can be no assurance that the Funds will be able to locate and complete a sufficient number of suitable opportunities to enable it to invest all of its commitments in opportunities that satisfy its investment objectives, or that such investment opportunities will lead to completed investments by the Funds.

Need for Additional Investments. The Funds may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that the Funds will be able to make such additional investments or that the Funds will have sufficient funds to do so. Any decision not to make such additional investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Funds' ability to influence the portfolio company's future development.

Risks Associated with Foreign Investments. Although the Funds intend to invest principally in companies headquartered in the United States, the Funds may from time to time invest in non-U.S. portfolio companies. Investing outside the United States may involve substantially greater risks than investing in the United States. In particular, the value of the Funds' investments in foreign securities may be affected by changes in currency exchange rates, which may be volatile. Additional risks may include: (i) economic dislocations in the host country; (ii) less publicly available information; (iii) less developed regulatory institutions; and (iv) greater difficulty of enforcing legal rights in a foreign jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards comparable to those that apply to U.S. companies. Finally, in some foreign countries, there is the possibility of expropriation of value, including through confiscatory taxation, limitations on the repatriation or sale of securities, property or other assets of the Funds, political or social instability or diplomatic developments, each of which could have an adverse effect on the Funds' investments in such countries.

Provision of Managerial Assistance and Control. The Funds may obtain rights to substantially participate in, or influence substantially the conduct of, the management of certain of the Funds' portfolio companies. The Funds typically will designate directors (and nonexecutive chairmen) to serve on the boards of directors of the Funds' portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Funds to claims by a portfolio company, its security holders and its creditors. The exercise of control over a company could impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability. If these liabilities were to occur, the

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

Funds could suffer losses in their investments. While the General Partner and the Management Company intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Risk Inherent in Venture Capital Investments. Venture capital investments involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that a Fund will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Fund's term, while successes often require a long maturation.

Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing, which may not be available through institutional private placements or the public markets. In addition, the markets that such companies target are highly competitive and in many cases the competition consists of larger companies with access to greater resources. The percentage of companies that survive and prosper can be small.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. Crosstimbers' business activities as well as the Funds and their operations and investments, could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as novel coronavirus, or COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, novel coronavirus, or COVID-19, has spread rapidly around the world since its initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Although the long-term effects or consequences of novel coronavirus (or COVID-19) and/or other epidemics, pandemics and outbreaks of disease cannot currently be predicted, previous occurrences of other pandemics, epidemics and other outbreaks of disease, such as H5N1 flu, H1N1 flu, SARS and the Spanish flu, had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of Crosstimbers and the Funds. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), Crosstimbers and the Funds could be adversely affected by more stringent travel restrictions, additional limitations on Crosstimbers' operations or

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak).

Dependence on Key Personnel. The success of a Fund will be highly dependent on the expertise and performance of the Principals. The loss of one or more of these individuals could have a material adverse effect on the performance of a Fund. The Principals are under no contractual obligation to remain with the General Partner for all or any portion of the term of a Fund. The Principals currently, and may in the future, manage and devote significant amounts of their time to multiple investment funds and entities. This may pose conflicts of interest with regard to the Principals' division of time.

Investing in securities involves risk of loss that Investors should be prepared to bear. There can be no assurance that the Funds' objective will be achieved or that the investment strategies Crosstimbers employs will be successful. Investors must be prepared to lose all or substantially all their investment in the Funds.

C. See Section 8.B. above.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the Adviser or the integrity of Adviser's management.

There are no legal or disciplinary events with respect to an evaluation of the Adviser's advisory services or the integrity of management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. In connection with sponsoring the Funds, the Adviser also sponsors an affiliated general partner for the Funds, which will receive the compensation described in Items 5 and 6. Other than this affiliated general partner entity, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to the Funds.

Through a subsidiary, the Adviser is member and control person of Flatirons Asset Management, LLC (“FAM”), a sponsor of Delaware statutory trusts which invest, through subsidiary trusts, in real property. The Adviser is also a member and control person of Yeoman Capital Partners, LLC (“YCP”), which invests and manages real property through its own subsidiaries. Neither FAM nor YCP are an investment adviser and, given that their investment strategies are unrelated to that of the Adviser, the Adviser does not believe that its affiliations with FAM or YCP present any material conflicts of interest as it relates to its investment advisory and management services to the Funds.

Additionally, the Principals of the Adviser have certain limited investment management responsibilities with respect to a predecessor firm. The Adviser does not believe that these responsibilities present any material conflicts of interest as it relates to its investment advisory and management services to the Funds.

The Adviser has implemented reasonably designed policies and procedures regarding the identification, mitigation, and monitoring of conflicts of interests that will be followed should a conflict arise in the future with respect to any affiliations or outside responsibilities.

- D. The Adviser does not recommend or select other investment advisers for the Funds.

Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that Adviser employees execute personal securities trading in a manner that mitigates actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser requires pre-clearance of purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to reduce the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any client or prospective client upon request.

- B. In connection with establishing a Fund or continuing a Portfolio Investment, the Adviser and certain affiliates may have a material economic interest in the Fund, the General Partner, or both. Any parallel vehicle established for Fund investors will invest alongside the Fund on substantially the same terms and conditions as and substantially at the same time as the investments in such investment by the applicable Fund, and any such investment shall be disposed of on substantially the same terms and conditions of and at substantially the same time as the relevant divestments by the Fund.

The Adviser and its related persons, in their capacities as principals or affiliates of the General Partner of each Fund, may have indirect beneficial interests in the Portfolio Investments owned by clients and will share in any profits and losses generated by such investments.

Additionally, as will be detailed in each Fund's Governing Documents, the Adviser and certain of its affiliates may co-invest alongside the Fund in Portfolio Investments.

- C. In connection with sponsoring the Funds, the Adviser and certain affiliates may have an economic interest in the Funds, the General Partner or both. Other than with respect to these interests, neither the Adviser nor any of its related persons invest in the same or related securities that either the Adviser or its related persons recommend to the Funds.
- D. See Item 11.C. above.

Item 12 - Brokerage Practices

- A. The Adviser's investment strategy involves making investments in private equity and venture capital investments in SMEs. As a result, the Adviser does not select or recommend broker-dealers for the purchase and sales of securities. Furthermore, the Adviser does not maintain any trading accounts and does not use "soft" dollars received from broker-dealers from the purchase and sales of securities for its clients.
- B. Not Applicable.

Item 13 - Review of Accounts

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of the portfolio investments of the Funds. In connection therewith, the Adviser conducts periodic reviews of all portfolio company investments held by the Funds as it deems appropriate. All of the Adviser's investment and operational staff participate in the ongoing monitoring of the Funds' portfolio, although responsibilities vary by individual. Performance, security positions and investment opportunities are among some of the matters that may be reviewed.
- B. See Item 13.A. above.
- C. The Adviser provides written periodic financial reports, such as audited annual financial statements, to the Investors in the Funds. This reporting includes customary financials relating to the business and operations of the Funds.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Funds.
- B. To assist it in marketing a new fund to prospective Investors, the Adviser has engaged a third-party placement under an agreement which provides that the placement agent will receive, as compensation, a percentage of certain capital commitments made by any prospective Investors the placement agent refers. In the future, the Adviser may enter into similar agreements with the same third-party placement agent or with other third-party placement agents under which such placement agent(s) will receive a percentage of the capital commitments attributable to the prospective Investors they each refer, according to the terms and conditions of those future engagements and any applicable restrictions. Adviser has disclosed the relationship between it and its current third-party placement agent to all prospective investors referred by that agent and will similarly disclose any future placement agency relationships to prospective Investors who are referred by placement agents it engages in the future.

Item 15 - Custody

Crosstimbers may be deemed under Rule 206(4)-2 of the Advisers Act to have custody of the assets of the Funds by virtue of its relationship with the General Partner. The Funds' assets and securities are held by qualified custodians. As noted in Item 13 above, Fund Limited Partners will receive annual financial statements audited by an independent public accounting firm. Fund Limited Partners are urged to carefully review such statements.

Item 16 - Investment Discretion

Crosstimbers exercises investment discretion in managing the investments of the Funds, based on the Funds' investment objectives, policies and strategies disclosed in their respective Offering Documents. The limitations on such authority are described in the Funds' respective Offering Documents.

Item 17 - Voting Client Securities

The Adviser's investment strategy involves private equity and venture capital investments in SMEs. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its clients.

Item 18 - Financial Information

- A. Crosstimbers will not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance.
- B. Crosstimbers does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.
- C. Crosstimbers has not been the subject of a bankruptcy petition at any time during the past ten years.