

REDACTED INFORMATION

## **Schechter Private Capital, LLC**

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*An SEC Registered Investment Advisor  
March 4, 2024*

## Item 2. Material Changes

This section of Schechter Private Capital, LLC's (SPC) Disclosure Brochure is intended to discuss and identify any material changes that were made to the Brochure since our last annual ADV, Part 2A Brochure filing on or about March 8, 2023. SPC encourages all recipients of this Brochure to read it, as well as the governing documents applicable to their current or prospective investment, carefully in its entirety. Since the last annual update, we have had no material changes other than under *Item 10. Other Financial Industry Activities and Affiliations* and *Item 11. Code of Ethics*, how SPC intends to comply with aspects of certain new SEC rules (concerning side letters and certain other matters) that are expected to impact it in 2025.

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## Item 4. Advisory Business

Schechter Private Capital, LLC (“SPC”) is a is an SEC registered investment advisor that was formed in April of 2016. SPC, a Delaware Limited Liability Company is owned by members Marc Schechter and Aaron Hodari (the “Members”).

SPC provides investment advice and management services to private pooled investment vehicles (collectively “Funds” – in various places below, the term “Fund” also references individual segregated series of one or more private pooled investment vehicles managed by SPC).

SPC serves as the manager, or investment manager of various Funds. SPC does not provide investment advice directly to individuals.

The Funds advised by SPC generally employ a Venture Capital and/or Private Equity strategy, whereby the Fund exists for the purpose of investing in private company securities. Other and alternative goals may be set forth in a Fund’s key offering documents, including Private Placement Memorandums (PPMs) and subsequent PPM supplements. SPC currently advises a “Series LLC”, with multiple underlying Series representing different investments. In many cases, the individual series have Series-specific fees, terms, limitations, objectives, and disclosures. Investors can choose to participate in one or more Series of a SPC managed Fund (with investment profit or loss generally being specific to the Series in which an investor may choose to invest).

As the investments in each Fund are different, and require different due diligence and ongoing management, SPC tailors its management style and investment oversight to what it believes is appropriate for each individual Fund or Series.

Funds are only offered (by way of selectively distributed private placement memorandum and other offering documents) to accredited investors and qualified clients meeting certain sophistication and financial requirements (or, in certain cases, “knowledgeable employees”). Certain series of the fund are only available to qualified purchasers. As used in this Disclosure Brochure, the term “accredited investor” is as defined in Page 4 Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and “qualified purchaser” is as defined in Section 2(a)(51) of the Investment Company Act of 1940 (the “Investment Company Act”). The term “knowledgeable employee” used in this Disclosure Brochure is as defined under Rule 3c-5 of the Investment Company Act.

Investors and prospective investors should refer to the Fund offering documents for a complete description of the risks, investment objectives and strategies, conflicts of interest, fees, and other relevant information pertaining to each investment. SPC manages each Fund’s investments in accordance with the investment objectives and strategies set forth in such Fund’s offering documents. Certain Funds have a minimum capital commitment and if so, it will be stated in the Fund’s offering documents.

SPC identifies, evaluates, and selects potential opportunities in which to invest and monitors the ongoing performance of investments and issues concerning potential investment sale/distribution related matters. SPC generally targets investments in companies with what it believes to be above average growth prospects based on competitive positioning, proprietary technology, emerging industry status, and several other factors that suggest higher growth prospects. The investments generally made by the Funds are subjective in nature,

but SPC seeks to mitigate risk through investment due diligence and legal structuring.

Certain Funds may gain exposure to underlying companies via feeder funds. In cases where SPC cannot gain direct access to the desired investment with the company itself, SPC may work with other private fund managers to gain access to their investment vehicle (private funds) which owns the underlying holdings in target company/securities.

While this can increase the level of complexity and fees, it can also provide unique access and, in certain cases, operational efficiencies.

SPC does not participate in wrap fee programs.

### **Assets Under Management**

As of December 31, 2023, SPC has \$389,478,841 of assets under management on a discretionary basis, with \$0 being considered non-discretionary.

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

SPC charges Funds (and, effectively, their underlying investors) varying fees based on the terms, complexity, and the perceived risk/reward of underlying investments from the Funds. Generally, SPC charges performance-based fees or allocations payable on distribution (“carried interest”), often with a hurdle or similar preferred rate threshold – please note that certain Funds have no hurdle rate. In many cases, a management fee is also charged. There is no set standard fee schedule for SPC Funds. Generally, investors in the Private Funds pay their pro rata portion of the management fees, incentive fees or allocations, and expenses in respect of each underlying Fund in which such an investor is invested.

### **Management Fees**

Investors in Funds that charge a management fee will generally pay SPC an annual management fee as set forth in such Fund’s offering documents (“Offering Documents”). Any management fees are deducted as permitted by the applicable offering documents and in any case will be deducted before final distributions of the applicable Fund. While management fees charged by Funds may be charged or allocated “in advance,” in such cases the management fee is generally designed to compensate SPC for efforts that are weighted in the first year(s) of the given Fund and will not be refundable. The Funds also have fees for such services as accounting, audit, legal, bank custody of cash, due diligence and administration. None of those fees will be credited back to SPC, its principles, or related parties unless as a direct reimbursement for third party expenses.

SPC does not receive compensation for brokerage related transactions or, if applicable, inside the Funds.

SPC, in its sole discretion, may negotiate to charge a lesser fee to individual Funds and specific investors in a Fund or Series.

SPC deal sourcing and investment management will often rely on relationships with third parties. SPC has entered other agreements with the third parties which may establish additional rights or supplement the terms

of the investment documents (referred to as “side letters”). SPC enters arrangements with these third parties for services and they are paid compensation, allocated a portion of the carried interest of SPC, or are reimbursed for certain expenses. These third parties will sometimes receive part of the fees SPC generates, documented via side letter admitting them as a Special Limited Partner. The inclusion of a Special Limited Partner does not increase the fees the client is charged.

Fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), as outlined in the PPM and offering documents.

Certain fees and expenses may not apply in certain Funds or in the case of investors in any given Fund.

## **Expenses**

### Fund Expenses

SPC Fund investors pay their pro-rata share of fund expenses incurred in connection with the organization, management, operations, and liquidation of the applicable Fund, whether incurred directly by such Fund or attributed to such Fund as set forth in the applicable Fund Offering Documents. Expenses include but are not limited to all costs and expenses incurred in the holding, purchase, sale or exchange of investments, expenses associated with Fund communications with investors, all legal, accounting, tax, consulting and professional services fees and expenses relating to an applicable Fund and its activities. Details of expenses borne by each of the Funds can be found in a Fund’s Offering Documents.

### Allocation of Expenses

SPC allocates fees, costs, and expenses in accordance with a Fund’s Offering Documents. SPC will use pro rata allocation based on the respective investment (or anticipated investment) of an investor, or such other equitable method as determined by SPC in its sole discretion.

SPC may also enter arrangements with third-party advisors and consultants who provide services relating to deal-sourcing and investment opportunities, or otherwise. SPC may compensate these advisors and consultants, allocate a portion of the carried interest of SPC, pay other fees or reimburse them for certain expenses.

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

As noted in the previous section, *Item 5. Fees and Compensation*, SPC may charge performance-based fees/allocations as well as management fees. Due to the nature of SPC’s business and clients, SPC does not directly manage different fund types that invest in similar assets and does not advise substantially similar side-by-side managed accounts that charge fees based on an amount of assets under management.

A portion of the profits of each such Fund, per the provisions of the respective Offering Documents, is earned and distributed to a “special limited partner” as carried interest (the “Carried Interest” or “Carry”) upon meeting certain performance goals.

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Carried Interest arrangements may create an incentive for SPC to recommend investments which may be riskier than those which SPC would recommend under a different arrangement, or to disproportionately allocate time, service or functions to Funds paying Carried Interest at a higher rate, or to allocate investment opportunities to such Funds. SPC addresses these potential conflicts of interest by recognizing the fiduciary duty owed to Funds and reviewing each Funds' objective, strategy and investment guidelines alongside the Firm's recommendations.

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

SPC currently provides investment advisory services to Funds and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933, as Amended (the "Securities Act") and the Investment Company Act of 1940, as amended (the "1940 Act"). Funds are only offered to accredited investors and qualified clients meeting certain sophistication and financial requirements and certain series of the fund are only available to qualified purchasers, and only by private placement memorandum and other offering documents.

SPC does not have a minimum size for a Fund, but minimum investment commitments are typically established for investors. SPC may in its sole discretion permit investments below the minimum amounts set forth in the Offering Documents.

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

### **Methods of Analysis**

As the investment manager to each Fund, SPC has authority and responsibility over the investment program of each Fund.

SPC utilizes the collective investment experience of its personnel of affiliates or otherwise to help source and identify investment opportunities. Investments are driven by a top-down assessment of the economic environment and the specific industries in question. A bottom-up analysis is also completed to determine the specific company's expected competitive positioning and growth prospects. SPC also may rely on the collective knowledge of other investors when selecting investments - for certain private companies, a SPC Fund/Series may be invested in or considering whether to invest, there may be other financial investors with whom SPC shares general notes and analysis. This co-investing strategy is a core pillar of SPC's management in most investments.

### **Investment Strategies**

Depending on a Fund's Offering Documents, SPC generally tries to optimize for risk-adjusted returns, often favoring companies it believes may have a liquidity event within the next three to seven years. A liquidity event could be in the form of a sale, merger, or initial public offering (IPO).

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The Funds generally employ a Venture Capital and/or Private Equity strategy whereby the Funds make concentrated investments into private market securities of early-stage companies – either directly, or via a conduit such as a feeder fund. The strategies are illiquid in nature, and part of the expected return comes from investors’ willingness to assume illiquidity and the financing markets premium placed on illiquid securities. Relying on expertise of third-party firms (in the case of any potential feeder fund investment, for example) to validate SPC investment selections involves the risk that the other firms may have faulty analysis. Investing in feeder funds to gain exposure also introduces the risk that a feeder fund may have independent difficulties regarding liquidity, management, or counterparties.

### **Risks of Loss**

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses, including full loss of principal amounts invested. The Funds typically invest in only one, or a few ultimate companies, leading to concentration risk from the underlying exposure. If any of these companies should go bankrupt, shut down, or have some other adverse outcome, underlying investors could lose their entire capital contributions. A primary risk associated with SPC Fund investments is that many companies at the stage in which a SPC Fund might typically invest may not yet be profitable, and, with illiquid positions in those companies, there is an elevated potential for complete loss of capital.

### **General Investment Risks**

Alternative Investments, such as investments in private funds, are offered in reliance upon an exemption from registration under the Securities Act of 1933 for offers and sales of securities that do not involve a public offering. No public or other market is available or will develop. Similarly, interests in an Alternative Investment are highly illiquid and, generally, may not be transferable without the consent of the sponsor, and applicable securities and tax laws may limit transfers. Depending on your investment in SPC, your advisor may encourage you to consult with a tax, accounting, or legal advisor regarding your private fund investment.

## **Item 9. Disciplinary Information**

The SEC requires registered investment advisors to disclose any material facts regarding any legal or disciplinary events that they believe would be material to a client’s or a potential client’s evaluation of such investment advisor or their management. This section is inapplicable as there are no reportable legal or disciplinary events relating to SPC.

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

### **Related Investment Advisor**

SPC is under common ownership with a federally registered investment advisor, Schechter Investment Advisors, LLC (“SIA”). Marc Schechter is the indirect owner of SIA, while Aaron Hodari is an investment advisor representative (“IAR”), Managing Director, and Chief Investment Officer of SIA. SIA provides its clients, who are predominantly high net worth individuals, with various wealth management services and



does not manage any private funds or registered investment companies. SIA primarily allocates clients assets among various independent investment managers, mutual funds, exchange-traded funds (“ETF”), individual debt and equity securities, and, if qualified, certain private placements, including investments in SPC Funds. For a description of some of the material conflicts of interest created by the relationship between SPC and SIA, as well as a description of how such conflicts are addressed, please see *Item 11. Code of Ethics* below.

#### **Use of Affiliated Broker-Dealer Registered Representatives as Placement Agents**

SPC utilizes certain investment advisor representatives (IARs) of affiliate SIA, who are also dually registered representatives (RRs) of third-party broker-dealer and FINRA member Kingswood Capital Partners, LLC (“Kingswood”) to act as non-exclusive finder and placement agents to refer and introduce prospective investors to an SPC private fund or series investment. If any IARs act in this capacity on a particular SPC investment, Kingswood will compensate them as RRs through commissions. This represents a material conflict of interest as the IARs of SIA are incentivized to recommend client investments in SPC funds due to the compensation the IAR would receive in their capacity as an RR of Kingswood. SPC mitigates this conflict by monitoring SIA client investments in SPC funds, and training these dually registered IARs regarding their fiduciary duty to always put client interests above their own.

#### **CAIS Relationship**

One of the SPC series is an investor in CAIS Holdings LLC. CAIS is a provider of alternative investments to independent financial advisors. SPC was introduced to CAIS through SPC’s related entity, SIA, who was working with CAIS for over two years prior to the SPC investment. CAIS provides access to institutional quality alternative managers and other investment solutions to SIA clients. SIA’s business benefited from the CAIS offerings, and SPC felt that CAIS Holdings was an attractive investment due to the value-add to SIA and what other independent advisors derive from the CAIS platform. While SIA’s decision to work with CAIS is independent of SPC’s investment in CAIS, there is a potential conflict of interest in SIA’s decision to recommend CAIS products and services to SIA clients as CAIS gains economic benefit from investor funds placed through their platform. In addition, Aaron Hodari is on the advisory council of CAIS. He receives no direct compensation for this role, but does receive minor benefits such as reimbursed travel, lodging, and entertainment during advisory council meetings.

#### **BM Technologies (BMTX)**

One of the SPC fund/series is an investor in BM Technologies (BMTX). Aaron Hodari, a member of SPC, is on the public board of BMTX and receives compensation for being on the board. This may represent a conflict of interest due to the compensation Mr. Hodari receives for being on the board. SPC mitigates this potential conflict of interest by having Mr. Schechter be the sole final decision maker on all decisions related to SPC’s investment in BMTX.

#### **Receipt of Insurance Commission**

SPC is under common control with Robert Schechter & Associates Inc. (dba “Schechter” and “Schechter

Wealth”), a licensed insurance agency. The two members of SPC are, in their individual capacities, also state licensed insurance agents of Robert Schechter & Associates, Inc., and in such capacity may recommend, on a fully disclosed commission basis to some SPC Fund investors, the purchase of certain insurance products. SPC does not sell such insurance products directly to its clients and does not compensate SPC IARs for referring SPC Funds investors to Robert Schechter & Associates.

### **Dealing with Conflicts of Interest**

The members of SPC work to help avoid conflict by using their collective experience and judgement. If a material, potential, or perceived conflict of interest is determined or believed to exist, standard procedure is to make clients (and underlying investors) aware of the conflict and disclose material information about such material, potential, or perceived conflicts in updates to this ADV Part 2A Brochure, and/or applicable Fund/Series offering materials. In 2023, the SEC adopted certain rules (the “New Private Fund Rules”) that in part apply to side letters. Key provisions of these rules are expected to fully go into effect on different dates for investment advisers based on their size (the “New Private Fund Rule Effective Date”). SPC expects that the New Private Fund Rule Effective date for its organization will occur on about March 14, 2025 and will impact how SPC deals with certain conflicts. See *Item 11. Code of Ethics* for more information.

### **Side Letters and Certain Other New Private Fund Rule Matters**

Side Letters may among other things, change, reduce or waive carry allocations, management fees, and may provide informational or veto rights and in certain cases for “special members”. As noted above, SPC expects that the New Private Fund Rule Effective date for its organization will occur on about March 14, 2025 and will impact how SPC deals with certain conflicts. See *Item 11. Code of Ethics* for more information.

## **Item 11. Code of Ethics**

SPC has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its it.

SPC’s Code of Ethics, which is drafted to help ensure the standards set forth in Rule 204A-1 (the “Code of Ethics Rule”) for registered investment advisers under the Advisers Act is always met, contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information (MNPI) by the Firm’s staff and its supervised persons. The Code of Ethics will be provided to any investor or prospective investor upon request.

The Code of Ethics provides that the policies and procedures are based on general concepts of fiduciary duty to Funds and investors in the Funds. The professional activities and personal investment activities of each individual who performs a variety of services or duties for SPC (either for SPC directly or as a related entity employee) (“Associated Persons”) must be consistent with the Code of Ethics, which is designed to help avoid actual or potential conflicts between the interests of the Funds and those of SPC.

The Code also governs the personal trading activities of SPC members and is intended to help ensure that they conduct their personal securities transactions in a manner that avoids any actual or potential conflict of

interest between them, SPC investors and the clients of SPC affiliates. The Firm collects, reviews and maintains records of its members' initial and annual securities holdings and their quarterly transactions.

These records are periodically reviewed to help try to identify and resolve any conflicts of interest.

Members of SPC may hold board seats of public companies, which may create a conflict of interest with respect to member's trading activities. The policies and procedures relating to personal trading are intended to help assure that the personal securities transactions, activities, and interest of SPC members will not interfere with the best interest of the Funds. The Code generally requires pre-approval of certain types of transactions which may cause potential conflicts of interest.

The discussion herein is a summary of certain provisions of SPC's Code of Ethics. A copy of the Code of Ethics is available to any investor upon written request to [compliance@schechterwealth.com](mailto:compliance@schechterwealth.com).

### **Participation or Interest in Client Transaction**

Certain employees of SIA and affiliates of SPC may invest in Funds, as direct investors in Funds. A Fund as applicable may reduce any portion of the Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Due in part to the fact that potential investors in a Fund may ask different questions and request different information, SPC may provide certain information to one or more prospective investors that it does not provide to all prospective investors or limited partners.

### **Conflict of Interest**

The interests of a Fund may conflict with the interests of SPC, or its respective affiliates. Certain of these conflicts of interest, as well a description of how SPC addresses such conflicts of interest, can be found below. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts. Fund specific conflicts are outlined in the applicable Fund documents (such as a Certificate of Designation, Private Placement Memorandum, or any supplement thereto). In addition, SPC's Code is reasonably designed to ensure that any conflict of interest arising from such an arrangement will be successfully resolved or mitigated.

### **Resolution of Conflicts**

In the case of all conflicts of interest, SPC's determination as to which factors are relevant, and the resolution of such conflicts, will be made using SPC's best judgment, but in its sole discretion. In resolving conflicts, SPC considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors can often mitigate, but may not eliminate, conflicts of interest: SPC will consider the appropriateness of an investment from the viewpoint of a Fund; Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Offering Documents for the Funds. On any issue involving actual conflicts of interest, SPC will be guided by its good faith discretion; Where SPC deems appropriate, unaffiliated third

parties may be used to help resolve conflicts. SPC has adopted and implemented certain policies in its internal compliance manual and procedures designed to reduce certain conflicts of interest – such as disclosure procedures, monitoring standards, and matters that must be considered before certain actions are taken. Prior to subscribing for interests in a Fund, each investor receives information relating to certain significant potential conflicts of interest arising from the proposed activities of the Fund. While SPC endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions.

### **Allocation of Investment Opportunities Among Investors**

SPC makes allocation determinations consistent with the Funds' Offering Documents and in accordance with its written policies and procedures. Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, SPC has an incentive to allocate investment opportunities to the Funds from which SPC or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. SPC will not allocate investment opportunities among the Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, or (ii) the profitability of any Fund. While SPC determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest did not exist. In addition, members and employees of SPC's affiliates may sometimes invest (or have invested) in some of the same issuers as a Fund may invest (directly or via a past Fund or other vehicle) and may also be (and generally are) permitted to invest directly in current Funds and may therefore participate indirectly in investments made by the Funds. Such interests will vary by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund. In making such an allocation determination, SPC will consider one or more of the factors set forth above and will make a determination in its good faith discretion.

### **Management of the Funds**

SPC manages a number of Funds, some of which may, from time to time, have investment objectives similar to each other. SPC may give advice or take actions with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives, or strategies. As a result, Funds with similar strategies or intended investment will often not hold the same securities or achieve the same performance. In addition, it is expected that the individuals responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by SPC including funds raised in the future or to proprietary investments made by SPC and/or its members of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these individuals. These individuals have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds. SPC may, from time to time, consider and reject an investment opportunity on behalf of one Fund and, SPC or an affiliate of SPC may subsequently

determine to have another Fund make a follow-on investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, potentially benefit from the initial evaluation, investigation and due diligence undertaken by SPC on behalf of the original Fund considering the investment. In such circumstances, the benefitting fund or funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. In addition, SPC receives and generates various kinds of portfolio company data and other information, including information related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain instances, include MNPI received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As a result, SPC is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. SPC has in the past and is likely in the future to enter into information sharing and/or confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. In certain instances, SPC may use this information in a manner that may provide a material benefit to SPC, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds that relate to the source from which such information was obtained. In addition, SPC may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated.

### **Side Letter Agreements**

SPC may enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, and information and reporting rights. Except as otherwise agreed with an investor, SPC is not required to disclose the terms of side letter agreements with other investors in the same Fund. SPC expects that the New Private Fund Rule Effective date for its organization will occur on about March 14, 2025; and will impact how SPC deals with various Side Letter Agreement related matters.

### **Certain Other New Private Fund Rule Matters**

Starting on the applicable New Private Fund Rule Effective Date (expected to occur on or about March 14, 2025):

- A. In general, investment advisers will be prohibited from granting an investor in a private fund the ability to redeem its interest on terms that the adviser reasonably expects to have a material, negative effect on the other investors in that private fund unless 1) the investor is bound by applicable laws, rules or regulations that mandate such a redemption right or 2) the investment adviser has offered the same redemption ability to all existing investors and will continue to offer the same redemption ability to all future investors in the fund.
- B. In general, investment advisers will be prohibited from providing an investor information regarding portfolio holdings or exposures of a private fund if the adviser reasonably expects that providing such information would have a material, negative effect on other investors in the private fund unless the investment adviser offers such information to all other existing investors in the private fund at the same time or substantially the same time.

C. In general, investment advisers will be prohibited from granting any other preferential treatment to investors in a private fund unless:

- advance written notice providing specific information regarding any preferential treatment related to any material economic terms is delivered to prospective investors in the private fund;
- disclosure of all other preferential treatment the Adviser or its related persons has provided to an investor in the private fund is delivered to all other investors 1) with respect to liquid funds, as soon as reasonably practicable following the investor's investment in the private fund, and 2) with respect to illiquid funds, as soon as reasonably practicable following the final closing date; and
- annual written notice providing specific information regarding any preferential treatment the investment adviser or its related persons provide to other investors in the same private fund since the last written notice.

SPC has rarely, if ever, engaged in activities of a nature noted in (A) or (B) above.

As provided in SPC fund material, certain investors (by virtue of size of investment, a relationship with SPC – such as being a member of SPC or an employee of a related entity) or otherwise, may be afforded reductions in Management Fees and/or “Carry” computations. On occasion (and in particular, when an investor is a private fund itself), an investor may be granted special informational rights. Some very select investors (who have provided services to SPC or a fund) may be granted the status of “Special Limited Partner” as outlined in applicable fund material and may share in the Management Fee and/or Carry otherwise payable to SPC. SPC intends to fully comply with the New Private Fund Rule. Thus, as applicable and required, certain additional information concerning such matters will be disclosed in material supplied to investors in new Funds launched after the New Private Fund Rule Effective Date.

As an additional matter, as of the New Private Fund Rule Effective Date, investment advisers will be prohibited from, directly or indirectly, charging or allocating fees and expenses related to a portfolio investment (or potential portfolio investment) on a non-pro rata basis when multiple private funds and other clients advised by the investment adviser or its related persons have invested (or propose to invest) in the same portfolio investment, unless 1) the non-pro rata charge or allocation is fair and equitable under the circumstances, and 2) prior to charging or allocating such fees or expenses to a private fund, the investment adviser distributes to each investor of the private fund a written notice of the non-pro rata charge or allocation and a description of how it is fair and equitable under the circumstances. As a rule, SPC allocates such charges on an effective pro-rata basis (other than concerning de-minimis amounts or differences due to rounding). Although, on occasion, SPC may agree to a side letter that caps fund expenses above a level SPC believes is unlikely to be exceeded. SPC intends to fully comply with the New Private Fund Rule. Thus, as applicable and required, certain additional information concerning such matters will be disclosed in material supplied to investors in new Funds launched after the New Private Fund Rule Effective Date.

Further, as of the New Private Fund Rule Effective Date, investment advisers will be prohibited from charging their private funds for 1) regulatory or compliance fees and expenses of the investment adviser or its related persons (other than fees and expenses of the fund itself – such as state “Blue Sky” filing fees), and 2) fees

and expenses associated with an examination of the investment adviser or its related persons by any governmental or regulatory authority unless the Adviser delivers a written notice of any such fees or expenses, including the dollar amount thereof, to investors in the private fund at least quarterly. SPC does not currently charge or pass on fees of such a nature, although it reserves the right to pass on certain expenses in connection with applicable fund indemnification provisions. SPC intends to fully comply with the New Private Fund Rule. Thus, as applicable and required, certain additional information concerning such matters will be disclosed in material supplied to investors in new Funds launched after the New Private Fund Rule Effective Date.

Additionally, as of the New Private Fund Rule Effective Date, investment advisers will be prohibited from charging private funds for fees and expenses associated with an investigation of the Adviser or its related persons by any governmental or regulatory authority unless the Adviser seeks consent from all investors in such private fund and obtains written consent from at least a majority in interest of the fund's investors (excluding investors who are related persons of the Adviser). This consent-based exception does not apply to expenses related to an investigation that results, or has resulted, in a court or government authority imposing a sanction for violation of the Advisers Act, as this would effectively be a waiver of compliance with the Advisers Act, which is prohibited under Section 215(a) of the Investment Advisers Act of 1940, as amended. SPC does not currently charge or pass on fees of such a nature, although it reserves the right to pass on certain expenses in connection with applicable fund indemnification provisions. SPC intends to fully comply with the New Private Fund Rule. Thus, as applicable and required, certain additional information concerning such matters will be disclosed in material supplied to investors in new Funds launched after the New Private Fund Rule Effective Date.

SPC intends to update its Code of Ethics and/or other applicable compliance material to better conform with the New Private Fund Rule on or before the New Private Fund Rule Effective Date.

## **Item 12. Brokerage Practices**

### **Best Execution**

SPC manages private funds which are its clients. It does not engage in brokerage activity for its clients. SPC receives no “soft dollar” benefits. SPC receives no compensation for referring clients to a broker-dealer. Should one or more advised Funds purchase identical securities at substantially the same time, such purchases will be made on an aggregate basis (at the same cost) to the extent reasonably possible and allocated in an equal or otherwise fair manner.

Few of SPC's transactions are expected to involve public securities. To the extent ever applicable, SPC will seek to execute trades through a broker-dealer offering the best execution. Best execution does not necessarily mean the lowest broker commission rates. The following factors, among others, are considered when SPC evaluates its brokerage arrangements: competitiveness of price spreads; minimal market impact; timeliness of execution and reporting; liquidity of the securities traded; frequency and correction of trading errors; business reputation of broker-dealer; back office and trade settlement capabilities; responsiveness to SPC's orders; and overall responsiveness to SPC's needs. SPC may select a broker-dealer that charges a commission more than that which another broker-dealer might have charged for

effecting the same transaction.

If SPC purchases securities for multiple Funds at the same time, it may aggregate transactions so the actual prices applicable to the aggregated transactions and transaction costs will be averaged and will be allocated among participating Funds in proportion to the purchase and sale orders placed for each investor on any given day.

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

### **Periodic Reviews**

SPC conducts periodic reviews (informal or via SPC's Investment Committee) of the Funds and their investments to track performance, cash balances, and obtain updates as to the status of underlying investments. SPC prepares periodic investor updates and shares those with Fund investors when applicable. Certain information provided to SPC from underlying companies may be privileged and management teams of underlying companies often request SPC limit information broadly distributed to investors to protect their information.

### **SPC Reports**

SPC has engaged HC Global Fund Services to provide certain administration services to the Funds, and to help prepare certain reports for investors. Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Funds generally within 180 days after the fiscal year end of applicable Funds, as well as periodic unaudited reports, which are in writing. SPC, in its sole discretion, may from time to time provide additional information relating to such Fund to one or more investors in such Fund as it deems appropriate.

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

SPC does not currently compensate third parties for client referrals. See *Item 10. Other Financial Industry Activities and Affiliations*, for additional information regarding referrals and compensation.

While not a client solicitation agreement, SPC may engage third-party placement agent(s) to solicit prospective investors for interest in the Funds. SPC will pay all fees or compensation payable to the placement agent for services, which may be offset from the management fee or carried interest payable by such Fund to SPC.

## **Item 15. Custody**

SPC is deemed to have custody of the securities and certain cash assets of the Funds. SPC will comply with Rule 206(4)-2 of the Advisers Act (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB),



SPC will distribute the Fund's audited financial to investors within 180 days of such Fund's fiscal year end (180 days is used as the Series Fund is technically a fund of funds given some of the underlying holdings of certain Series).

In certain circumstances, private securities will become public (via an IPO or some other type of transaction resulting in an SPC holding becoming publicly traded) within the fund and will be held at a qualified custodian.

## **Item 16. Investment Discretion**

Subject to any limitations stated in the offering documents and agreements, SPC has discretionary authority over the selection and number of securities to be bought by the Funds, within the parameters established by the relevant Fund's Offering Documents. Where it has discretion, SPC is generally not required to obtain the consent or approval of any investor of a Fund in connection with any investment transaction or decision on behalf of the Fund. SPC also has discretionary authority over the Funds and has the power to sell securities for the Funds.

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

SPC has adopted proxy voting policies and procedures. The policies require SPC to vote proxies received in a manner consistent with the best interests of its funds. However, the policies do permit SPC to abstain from voting proxies, if a client's economic interest in the matter being voted upon is limited relative to client's overall portfolio, or because the impact of the client's vote is not likely to affect its outcome or the client's economic interests.

Although many proxy proposals can be voted in accordance with SPC's proxy voting guidelines, some proposals will require special consideration and SPC will resolve such instances on a case-by-case basis, including proposals to: eliminate director mandatory retirement policies; rotate annual meeting locations and dates; grant options and stock to management and directors; and indemnify directors and/or officers. Where a proxy proposal is believed to raise a material conflict between SPC's interests and the interests of its clients, SPC will seek to resolve the conflict consistent with its fiduciary duty to its clients. SPC will provide, upon request, a copy of those policies and procedures and/or information concerning its voting record on account proxy matters.

## **Item 18. Financial Information**

SPC has no information to disclose pursuant to this section due to the following:

The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered. As noted in *Item 5. Fees and Compensation above*, while management fees charged by certain Fund/Series may be paid "in advance," such fees are designed in part to compensate SPC for efforts that are weighted in the first year(s) of a Fund/Series and such amounts are not generally refundable. As such, SPC does not consider such amounts a "pre-payment" but rather an immediate compensatory

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fee/expense. Were a Fund/Series to be unexpectedly dissolved in a year that such a fee was paid (in many cases, such a fee may only be assessed in the early years of a given Fund/Series with no management fees being assessed thereafter), SPC will endeavor to treat underlying investors in a fair and equitable manner consistent with Fund/Series offering documents.

The Firm does not have a known financial condition that it believes is reasonably likely to impair its ability to meet contractual commitments to clients.

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.