

**Form ADV Part 2A: FIRM BROCHURE**



**RIVERGLADE CAPITAL MANAGEMENT, L.P.**

One North Wacker Drive, Suite 4000  
Chicago, IL 60606

Contact: Mark Pridgeon  
Tel: (312) 940-6700  
Email: [info@rivergladecapital.com](mailto:info@rivergladecapital.com)  
[www.rivergladecapital.com](http://www.rivergladecapital.com)

**March 28, 2024**

This brochure (“Brochure”) provides information about the qualifications and business practices of RiverGlade Capital Management, L.P. (“RiverGlade”). If you have any questions about the contents of this Brochure, please contact us at (312) 940-6700 or [info@rivergladecapital.com](mailto:info@rivergladecapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

RiverGlade is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

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

## Item 2 – Material Changes

There have been no material changes since RiverGlade’s last annual Brochure filed on March 31, 2023.

RiverGlade routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry best practices and Firm practices. In this year’s filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2023 and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest.

### Item 3 – Table of Contents

Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	12
Item 7 – Types of Clients .....	14
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	17
Item 9 – Disciplinary Information .....	45
Item 10 – Other Financial Industry Activities and Affiliations .....	45
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ....	46
Item 12 – Brokerage Practices .....	49
Item 13 – Review of Accounts .....	50
Item 14 – Client Referrals and Other Compensation .....	51
Item 15 – Custody .....	51
Item 16 – Investment Discretion .....	52
Item 17 – Voting Client Securities .....	52
Item 18 – Financial Information .....	53
Brochure Supplement.....	54

## Item 4 – Advisory Business

RiverGlade Capital Management, L.P. (“RiverGlade” or the “Firm”), a Delaware limited partnership, is a private equity firm based in Chicago. Founded in 2017, the Firm primarily invests in control buyouts of growth-oriented lower middle market healthcare services companies.

RiverGlade serves as the investment adviser for, and provides discretionary investment advisory services to, the following private funds: RiverGlade Capital, L.P. (“Fund I”) and RiverGlade Capital II, L.P. and its parallel fund, RiverGlade Capital II-A, L.P. (collectively, “Fund II” and together with Fund I, the “Main Funds”). RiverGlade also provides discretionary investment advisory services to co-investment special purpose funds established to invest alongside a Fund in a single portfolio company (each, a “Co-Investment Fund” and collectively with Fund I and Fund II, the “Funds” unless the context otherwise requires). In certain circumstances, as more fully described in Item 7 below, the Firm permits certain investors and third parties to co-invest alongside a Fund directly into a portfolio company. Unlike the Co-Investment Funds mentioned above, such direct co-investments are not considered Funds or clients of RiverGlade.

Each Fund is affiliated with a general partner (“General Partner”) with authority to make investment decisions on behalf of the Funds. The General Partners are deemed registered under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (“Advisers Act”), pursuant to RiverGlade’s registration in accordance with SEC guidance. The applicable General Partner of each Fund retains investment discretion and investors in the Funds do not participate in the control or management of the Funds. While the General Partners maintain ultimate authority over the respective Funds, RiverGlade has been designated the role of investment adviser. References to RiverGlade throughout this Brochure also include each General Partner, unless the context otherwise requires. For more information about the Funds and General Partners, please see RiverGlade’s Form ADV Part 1, Schedule D, Section 7.A. and Section 7.B.(1).

RiverGlade provides investment advisory services as a private equity fund manager to its Funds. The Funds invest through privately negotiated transactions in healthcare services companies, generally referred to as “portfolio companies”, in the lower middle market. Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although the senior principals or other personnel and/or third parties appointed by RiverGlade will generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds. In addition, in some cases, RiverGlade will more directly influence the day-to-day management of a portfolio company by recruiting certain individuals in various leadership roles, such as chief executive officer, chief operating officer, chief financial officer or in other roles. RiverGlade’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investment, managing and monitoring investments and achieving dispositions of such investments. Investments are made predominantly in nonpublic companies.

The Firm's investment advice and authority for each Fund is tailored to the investment objectives of that Fund; RiverGlade does not tailor its advisory services to the individual needs of investors in its Funds. These objectives are described in and governed by, as applicable, the private placement memorandum, limited partnership agreement, investment advisory agreements, subscription agreements, side letter agreements and other governing documents of the relevant Fund (collectively, "Governing Documents") and investors determine the suitability of an investment in a Fund based on, among other things, the Governing Documents. The Firm does not seek or require investor approval regarding each investment decision.

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities. Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Governing Documents. In accordance with industry common practice, RiverGlade has entered into side letters or similar agreements with certain investors including those who make substantial commitments of capital or were early-stage investors in the Funds, or for other reasons in the sole discretion of RiverGlade, in each case that have the effect of establishing rights under, or altering or supplementing, a Main Fund's Governing Documents. Examples of side letter rights entered into include advisory committee appointments, alternative investment vehicle participation, distributions in-kind, transfers, information rights, co-investment interest and reporting obligations, most favored nations, regulatory compliance and tax matters, among others. These rights, benefits or privileges are not always made available to all investors, consistent with the Governing Documents and general market practice. Commencing in March 2025, RiverGlade will make required disclosure of certain side letters to all investors (and in certain cases, to prospective investors) in accordance with the new Private Fund Rule. Side letters are negotiated at the time of the relevant investor's capital commitment, and once invested in a Fund, investors generally cannot impose additional restrictions on such Fund. There can be no assurance that the side letter rights granted to one or more investors will not in certain cases disadvantage other investors.

RiverGlade is owned by Managing Partners Garrick M. Rice and Daniel W. Rosenberg. For more information about RiverGlade's owners and executive officers, see RiverGlade's Form ADV Part 1, Schedule A.

As of December 31, 2023, RiverGlade manages approximately \$794,137,843 in regulatory assets, all managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

RiverGlade and its affiliated General Partners receive fees and compensation in exchange for advisory services provided to the Funds, including management fees, carried interest, additional compensation in connection with management services performed for the portfolio companies of the Funds and reimbursements from portfolio companies for certain expenses advanced on their behalf. Differences exist from Fund to Fund, and certain Funds do not charge certain fees, compensation or expenses

that other Funds charge or charge them in different amounts. The following is a general description of fees, compensation and expenses of the Funds. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how RiverGlade is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

## **Management Fees**

RiverGlade charges the Main Funds a management fee (the “Management Fee”) of 2% per annum of non-affiliated investors’ aggregate commitments. Specifically, Management Fees are initially calculated at 2% per annum of each non-affiliated investor’s committed capital for the period of time during which a Fund is making investments; thereafter, the Management Fee will be equal to 2% per annum of each non-affiliated investor’s invested capital which have not been permanently written down or disposed of, subject to various other factors. The amount of Management Fees generally will not correspond with fluctuations in a Fund’s net asset value, including following the stepdown date, and will not be reduced in connection with any write-downs, except in the case of investments that have been permanently written down. Permanent write-down determinations are made in the discretion of the valuation committee in accordance with the relevant Governing Documents and the Firm’s valuation policy. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a dividend recapitalization) or partial sales of investments. In addition, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period. Further, where there has been a partial disposition or permanent write-down of a Fund’s investment and the fair market value of the investment following such event exceeds the total amount of the Fund’s investment contributions relating to the investment, the Governing Documents do not require Management Fees after the stepdown date to be reduced.

Assessed quarterly in advance, Management Fees are collected through a capital call, through a draw-down on the line of credit or offset against a distribution to investors. Management Fees were negotiated with Fund investors during the fundraising period of the applicable Fund and are not subject to further negotiation thereafter. Generally, investors participating in a subsequent closing after the initial closing of a Fund are responsible for paying the Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable. In addition, Management Fees are payable during term extensions unless otherwise agreed to with investors.

The General Partners are permitted, in their sole discretion, to waive all or a portion of the Management Fee. For example, Co-Investment Funds pay reduce or no Management Fees, and Management Fees are typically waived for RiverGlade employees, affiliates and their respective families investing in a Fund (although in each case, these investors generally pay their pro rata share of certain Fund expenses).

As per the provisions of the Governing Documents of Fund II, RiverGlade is permitted to waive, defer, or reduce all or a portion of the Management Fee payable by Fund II in full or partial satisfaction of any obligation of RiverGlade and certain employees and affiliates to invest in and alongside such Fund. Certain waived portions of the Management Fee are treated by the Governing Documents as deemed capital contributions by the Fund II General Partner, which is effectively invested in Fund II on the General Partner's behalf and operates to reduce the amount of capital the Fund II General Partner would otherwise be required to contribute to the Fund. Investor capital contributions are generally accelerated due to waived, deferred, or reduced Management Fees and/or the timing of receipt of fees subject to offsets, and Fund investors could thus receive less than the full benefit of such reductions or offsets.

For the Main Funds, Management Fees are generally reduced by, as applicable: (i) placement fees, (ii) costs incurred by RiverGlade in connection with the organization of a Fund that exceed the limit as specified in such Fund's Governing Documents; (iii) certain supplemental fees and compensation with respect to Fund investments, including break-up fees, directors' fees, transaction fees (including closing fees, investment banking fees, consulting fees, placement fees and other similar fees), monitoring fees and consulting fees; and (iv) for Fund II, the Management Fee waiver. All such supplemental fees received for the Main Funds reduce the Management Fee by (i) 100% of any break-up fees, directors' fees and transaction fees and (ii) 80% of any monitoring fees, net of any expenses incurred in connection with generating such fees, subject to other requirements as further described in relevant Governing Documents. In the event a Fund does not pay a Management Fee, such as the Co-Investment Funds, RiverGlade will retain the portion of fees allocable to the Co-Investment Funds without reduction.

For clarity, the following fees and expenses do not offset Management Fee, in each case as applicable: (i) fees or compensation received by or on behalf of Executive Partners, Operations Group members, Executive Healthcare Advisory Council members, or other non-RiverGlade persons (each as defined below), including for serving on a portfolio company's board of directors; (ii) any monitoring fees received from a Co-Investment Fund's interest in a portfolio company; (iii) any amounts received by RiverGlade from a portfolio company as reimbursement for out-of-pocket expenses directly related to such portfolio company; (iv) payment for services provided to any portfolio company in the ordinary course of the portfolio company's business; (v) compensation for services provided by a RiverGlade person as an employee of, or in a similar capacity for, a portfolio company; (vi) fees or expenses borne by a Fund; (vii) broken deal expenses; or (viii) profits interests or compensation to an affiliate (such as an Executive Partner, Operations Group member, or Executive Healthcare Advisory Council member) that was entered into prior to such person becoming an affiliate of RiverGlade, regardless of when the interests, compensation or amounts crystallize or vest.

RiverGlade generally has discretion over whether to charge portfolio company fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. The amount of such supplemental fees are paid by the Funds (directly,

or indirectly by the portfolio companies) and are determined by RiverGlade on a transaction by transaction basis, subject to the terms set forth in each Fund's Governing Documents. There can be no assurance that the amount of fees charged will be proportional to the amount of hours performed on behalf of a portfolio company.

On occasion, in certain circumstances (such as a portfolio company's liquidity needs or otherwise) and in its discretion, RiverGlade may determine to waive, defer or renegotiate, in whole or in part, the amount of supplemental fees received from a portfolio company. RiverGlade endeavors to require the payment of such fees only to the extent permitted by the earnings or cash position of the applicable portfolio company, and RiverGlade will defer or forego the payment of such fees if too burdensome for the portfolio company or at such time a senior credit agreement prohibits the payment of such fees. In the case of amounts deferred, such payments will generally be payable in the future, which could result in a single payment or installments of repayment amounts that are larger than if the fees had originally been paid in increments. RiverGlade makes such determinations on a case-by-case basis and reserves the right to take different actions (or no action) with respect to similarly-situated portfolio companies.

In the event that the aggregate amount of offsets to be applied against the Management Fee exceeds the Management Fee payable for the immediately succeeding quarterly period, the excess shall be carried forward to reduce the Management Fee payable in following quarterly periods. If a credit remains upon dissolution, a payment will be made to investors that have not elected to waive such amount for tax or other reasons.

### **Carried Interest**

Each General Partner is entitled to be allocated carried interest ("Carried Interest") with respect to the Main Funds. Such Carried Interest is generally equal to 20% of realized profits net of expenses in excess of an 8% annually compounded preferred return and catch-up provisions. The Main Funds' Carried Interest calculation as well as any clawback provisions are further described in full detail in the relevant Fund's Governing Documents and more briefly in Item 6, below.

Investors in the Co-Investment Funds are generally subject to a reduced or no Carried Interest.

### **Fund Expenses**

The Funds are responsible for various expenses, *which differ across Funds*, including, without limitation: all fees, costs, expenses, liabilities and obligations relating to a Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company, and whether or not incurred by a General Partner, RiverGlade or any of their respective affiliates), including all fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as "costs") relating or attributable to: (i) activities with respect to the origination, identification and sourcing of investment opportunities



for a Fund, including attending and sponsoring industry conferences and events, trade association memberships, meeting with consultants, finders, broker-dealers, investment banks and other buy-side advisors and other sources of investments and developing and maintaining an investment pipeline; (ii) activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, portfolio companies and a Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, research firms, third-party diligence and deal-sourcing software, subscription and service providers, consultants and similar professionals in connection therewith and any associated closing dinners, entertainment, mementos, after-hours meals and transportation); (iii) indebtedness of, or guarantees made by, a Fund, RiverGlade, a General Partner or any affiliated partner on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depositary appointed pursuant to the AIFMD and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof); (vii) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (viii) legal, accounting, research, auditing, technology, administration (including costs associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, subscriptions to any valuation databases, fairness opinions, appraisals or pricing services as well as costs related to the establishment or maintenance of such other services), consulting (including consulting and retainer fees, salary and other compensation paid to, and benefits or personnel costs provided to or on behalf of, the Operations Group or any of its members, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (ix) reverse breakup, termination and other similar arrangements; (x) insurance (including directors and officers liability, fidelity bond, portfolio company management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory costs, including costs related to any retention or deductibles and broker costs and

commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xi) filing, title, transfer, survey, registration and other similar activities; (xii) printing, communications, mailing, courier, marketing and publicity; (xiii) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports) or other information, including costs of any third-party service providers and professionals related to the foregoing; (xiv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services); (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with the EU Data Protection Law, FOIA or the California Consumer Privacy Act of 2018, as amended, and any similar laws, rules and regulations); (xvii) to the extent provided in the Governing Documents or otherwise approved by a General Partner in its sole discretion, activities or proceedings of an advisory committee (including any out-of-pocket costs incurred by representatives of a General Partner, advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of an advisory committee); (xviii) indemnification (including legal and any other costs incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents or otherwise and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xix) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xx) any annual, periodic or special meeting of the partners and any other conference, meeting or webcast or other video conference with any investor(s), and any periodic executive forum or other presentation or event attended by portfolio company management, members of the Operations Group and/or other persons, in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs, in each case, to the extent incurred by a Fund, a General Partner or any other affiliate of a General Partner; (xxi) the Management Fee; (xxii) except as otherwise determined by a General Partner in its sole discretion, any cost relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs

related to any structuring or restructuring of any Fund entity; (xxiii) the termination, liquidation, winding up or dissolution of a Fund and any persons owned directly or indirectly by a Fund (including portfolio companies) and related entities; (xxiv) defaults by partners in the payment of any capital contributions; (xxv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, a parallel Fund, a General Partner, a parallel Fund general partner, an ultimate general partner, RiverGlade, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or a parallel Fund, including the preparation, distribution and implementation thereof; (xxvi) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of a General Partner or any of its affiliates incurred in connection with the operation of a Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to a Fund, a General Partner and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to a Fund or a General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxvii) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such costs or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents; (xxviii) any consultants, experts or advisors engaged, including independent appraisers engaged in connection with a Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same entity as one or more investment vehicles (other than the same Fund) managed or controlled by a General Partner or any of its affiliates; (xxix) unreimbursed costs incurred in connection with any transfer or proposed transfer contemplated by the Governing Documents or any investor's name change, internal restructuring or change in trust, registered agent or custodian; (xxx) any taxes, fees and other governmental charges levied against a Fund and/or any alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund and/or any alternative investment vehicle (except to the extent that a Fund is reimbursed therefor by a reimbursing partner) and any costs of or related to the "partnership representative" of a Fund, provided that nothing in this clause (xxx) shall affect the treatment of any such amount pursuant to the Governing Documents; (xxxi) distributions to the partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxxii) unreimbursed and unpaid costs of the Operations Group or its members, employees or other persons engaged by the Operations Group; (xxxiii) compliance or regulatory matters, except as otherwise set forth in the Governing Documents, including compliance with the Governing Documents and/or any side letter or similar agreement; (xxxiv) amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with investors and "most-favored-nations" election processes in connection therewith; (xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of a General Partner, RiverGlade or any of their respective affiliates or any member of the Operations Group at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs;

(xxxvi) any travel (including, where appropriate as determined by a General Partner, the cost of using or chartering private aircraft or other private air travel (at a cost not to exceed the cost of first class commercial airfare), other air travel, car or ride sharing services and other modes of transportation), meals, lodging and entertainment and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxvii) any of the items listed in clauses (i) through (xxxvi) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated); (xxxviii) any organizational expenses; (xxxix) any placement fees; and (xl) any other costs approved by an advisory committee.

Out-of-pocket expenses associated with completed transactions are capitalized as part of the acquisition price of a consummated transaction. Out-of-pocket expenses associated with unconsummated transactions ("broken deal expenses") are paid by the relevant Fund(s) selected as proposed investors in such transaction, including those terminated before an investor's admission into a Fund.

For more information about RiverGlade's brokerage practices, please see Item 12, below.

### **Expense Reimbursement**

Certain expenses related to RiverGlade's oversight of portfolio companies incurred on behalf of the Funds are reimbursed by a portfolio company pursuant to a management services agreement with the portfolio company. These expenses are paid by RiverGlade and reimbursed by a portfolio company or paid directly by a portfolio company. Such expenses can include, without limitation: (i) travel expenses, which can include expenses for first-class airfare, meals and entertainment expenses (such expenses including, as applicable, those relating to (a) use of premium black car and other car services, which from time to time include waiting time and (b) social and entertainment events, (including closing dinners and mementos, with portfolio company management, customers, clients, borrowers, brokers and service providers)); (ii) expenses relating to training programs, meetings, conferences or other events; (iii) premium meals (including outside normal business hours); (iv) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses); (v) indemnification expenses; (vi) insurance; (vii) corporate filings; (viii) certain legal expenses; (ix) similar out-of-pocket expenses; and (x) consulting fees.

In addition, to the extent a Fund or RiverGlade initially bears the cost of certain fees or expenses but the benefit of the related services or expense is also received by another Fund, portfolio company or future fund or portfolio company, RiverGlade will determine, subject to its ultimate discretion, whether to cause such other Fund or portfolio company to reimburse the initial Fund or RiverGlade for such fees or expenses. Reimbursement by a portfolio company of out-of-pocket expenses incurred by RiverGlade, a General Partner, their respective affiliates or the Operations Group will not be offset against the Management Fee payable by the Funds.

## **Offering and Organizational Expenses**

For the Main Funds, each investor will bear its pro rata share of organizational and startup expenses incurred in the organization of such Fund (“Organizational Expenses”). The amount and type of Organizational Expenses varies by Fund and is further detailed in the Governing Documents of such Fund. Any amounts in excess of such permitted limit are offset dollar for dollar against Management Fees.

Organizational Expenses for the Co-Investment Funds are specified in the underlying agreement with such co-investor.

## **Third-Party Professional Fees and Expenses**

RiverGlade is permitted to use, retain or employ certain executives, including executive partners, operating partners, Executive Healthcare Advisory Council members, River Guides and Operations Group members (together, “third-party professionals”) to provide services to (or with respect to) the Funds and to certain current or prospective portfolio companies in which a Fund invests. Executive partners (“Executive Partners”) are professionals retained by RiverGlade as non-employee consultants to (i) provide specialized operations and consulting services to RiverGlade, the Funds, the portfolio companies or subsidiaries of portfolio companies and/or (ii) serve as a member of the board of directors (or similar governing body) of a portfolio company or a subsidiary of a portfolio company. Executive Healthcare Advisory Council members (“Executive Healthcare Advisory Council” members) are experienced healthcare executives that share a strong cultural and industry alignment with RiverGlade, assist the Firm throughout the investment process and provide operational guidance by serving on portfolio company boards, as River Guides or as portfolio company CEOs. River Guides are individuals from the RiverGlade teams’ network of operators, including Executive Healthcare Advisory Council members, who provide specialized industry, sector, sub-sector or topical expertise and bring an added layer of value and guidance during the sourcing, diligence and growth process for portfolio companies. Operations Group members comprise all of the above and can include certain RiverGlade employees. There can be no assurance that any of the third-party professionals will continue to serve in such role and/or continue their arrangement with RiverGlade and/or any portfolio company throughout the terms of the Funds.

Third-party professionals are permitted to receive compensation, including, but not limited to, cash fees, retainers, salary from a portfolio company, transaction fees, profits or equity interests in a portfolio company, incentive equity or other stock awards, profits or equity interests in a Fund or a General Partner, remuneration from RiverGlade, a Fund or their affiliates, guaranteed minimums or other compensation, as well as reimbursement for overhead and other out-of-pocket expenses.

RiverGlade often appoints third-party professionals to serve on the board of a portfolio company, and in connection therewith third-party professionals will generally earn a fee and/or are given the opportunity to invest in a portfolio company. Certain fees payable to third-party professionals are

associated with a particular transaction and will typically be included in the closing costs payable by the applicable portfolio company. On occasion, an Executive Partner will serve as in an interim role at a portfolio company, such as CEO or CFO, which such salary and compensation is paid by the portfolio company. Third-party professionals are permitted to perform work for a portfolio company in addition to board service, and in such capacity earn fees as negotiated and paid by the applicable portfolio company. Work performed by third-party professionals for unconsummated transactions is borne by the Fund(s) that was to have participated in such transaction as part of broken deal expenses. The determination of the appropriate form and amount of compensation for such services takes into account a variety of factors but will ultimately be at the discretion of RiverGlade and the portfolio company, as relevant.

Third-party professionals typically incur expenses while working with RiverGlade portfolio companies or potential portfolio companies, including, but not limited to, the cost of travel to portfolio companies and other out-of-pocket costs, and such expenses are paid or reimbursed by either RiverGlade (generally in the case of work performed for the management company), the relevant portfolio company which the third-party professional is advising (generally in the case of a consummated transactions), or by the relevant Fund (generally in the case of an unconsummated transaction). Some third-party professionals are investors in a Fund and/or participate as direct investors and/or receive equity grants in portfolio companies in which they are involved.

None of these fees, bonuses, profit interests, other compensation or reimbursements received by third-party professionals are subject to the Management Fee offset provisions.

### **Co-Investment Fund Fees and Expenses**

In certain circumstances, RiverGlade permits certain investors to co-invest in investments alongside a Fund, subject to RiverGlade's related policies and procedures, the relevant Governing Documents and/or side letter(s) or similar arrangements. Since co-investments will not be made through a Main Fund, any compensation received in connection with, related to or allocable to such co-investment does not reduce Management Fees paid by a Main Fund. Where a Co-Investment Fund is formed, such entity will bear expenses related to its organization, formation and operation, many of which are similar in nature to those borne by the Funds. Investors in the Co-Investment Funds typically do not bear Management Fees and are generally subject to a reduced or no Carried Interest.

If a proposed transaction is not consummated, no co-investment vehicle generally will have been formed, and the full amount of any fees and expenses relating to such proposed but not consummated transaction ("broken deal expenses") therefore will generally be borne by the Fund or Funds selected as proposed investors for such proposed transaction and not by any prospective co-investors that were to have participated in such transaction. As a result, the Fund(s) selected as proposed investors for such proposed transaction will bear more than what would otherwise have been its share of such broken deal expenses. Conversely, co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will reduce the risk of broken deal or similar expenses incurred by such

Fund (and indirectly, by the Fund's investors) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest. However, to the extent that co-investors have already invested in a Co-Investment Fund or co-investment in connection with a transaction (such as for a follow-on investment for the portfolio company for which the co-investment was originally created), the co-investor or vehicle is expected to bear its share of such broken deal expenses (which will generally be recorded at the portfolio company).

### **Fee Receipt Allocation**

From time to time, RiverGlade, a Fund or a portfolio company agrees to pay all or a portion of a transaction fee, Management Fee, Carried Interest, equity grant or other fee to a third party, such as a consultant, advisor, third-party professional, finder, placement agent, another sponsor, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team receive additional cash and equity compensation, including bonus payments based on the applicable portfolio company meeting certain success hurdles. Such compensation, whether in the form of a profits or equity interest in a portfolio company or immediate holding company, generally has a dilutive impact on a Fund's investment and indirectly reduces the proceeds available for distribution to the relevant Fund at the time of such portfolio company's exit. None of these fees or compensation allocations offset Management Fees payable by a Fund.

### **Allocation of Fees and Expenses**

In good faith and in its fair and reasonable discretion, RiverGlade determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds or a portfolio company. Some expenses are incurred on an aggregate basis for the benefit of multiple Funds and/or RiverGlade. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, RiverGlade will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. The aggregate cost of such expenses are allocated in a fair and reasonable manner and in RiverGlade's sole discretion. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by RiverGlade.

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

A carried interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. As described above in Item 5, each Main Fund General Partner is entitled to receive a Carried Interest allocation on certain realized profits in the Funds equal to 20% of all realized profits (although the current Co-Investment Funds are not subject to a Carried Interest allocation) subject to an 8% annually compounded preferred return (or hurdle) and subject to reimbursement of all capital called to pay relevant Fund expenses, including Management Fees. Calculated based on

cumulative net realized gains and income only, Carried Interest is allocated to a Main Fund General Partner as portfolio holdings are liquidated or otherwise monetized and is subject to a potential after-tax giveback if the respective General Partner has received excess cumulative distributions. Each Main Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund's Governing Documents received by each investor prior to investment in such Fund.

RiverGlade's Carried Interest allocation has been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund, in its sole discretion, is permitted to waive or reduce the amount of Carried Interest for certain Funds or investors in a Fund. Specifically, if principals and employees and their respective family and third-party professionals are Fund investors, they will generally pay reduced Carried Interest or none at all. Similarly, investors in Co-Investment Funds generally pay a lower amount or no Carried Interest on the co-investment portion of their investment.

The fact that the General Partner's Carried Interest allocations are based on the performance of each Fund can create an incentive for RiverGlade to make investments that are more speculative than would be the case in the absence of such distributions or to allocate an investment to a Fund that earns a higher Carried Interest, if applicable. The Firm believes this incentive is sufficiently mitigated, however, due to the fact that: (i) any losses a Fund sustains will reduce the General Partner's Carried Interest distribution; (ii) Carried Interest is generally calculated only after investors have received as distribution 100% of their capital contributions plus a preferred return; (iii) the applicable Governing Documents create limitations on the ability of RiverGlade to establish new investment funds; (iv) the Funds are subject to certain contractual provisions requiring parallel Funds to purchase and sell investments contemporaneously if they share an investment through a contemporaneous initial investment; (v) each General Partner makes a substantial commitment to a Fund to invest its own capital alongside the investors; and (vi) RiverGlade's ability to attract future investors is tied to the performance of its investments. RiverGlade generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

RiverGlade manages multiple Funds with similar investment strategies (including the Co-Investment Funds) on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to RiverGlade's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although RiverGlade generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund in which RiverGlade or an affiliate has a greater financial interest. To the extent that RiverGlade manages Funds with varying Carried



Interest terms (including amount, timing waterfall conditions or other terms) and/or RiverGlade personnel are assigned different percentages of Carried Interest in different Funds, RiverGlade and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for a Fund from which they are entitled to receive a higher Carried Interest percentage.

To help minimize such conflicts of interest, RiverGlade allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with RiverGlade's policies and procedures regarding investment allocation and the applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which can include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by RiverGlade. RiverGlade will not allocate investment opportunities 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. Investment allocation decisions are determined by the Investment Committee.

## **Item 7 – Types of Clients**

RiverGlade provides investment advice to its Funds, which are exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder ("Investment Company Act"). The Funds limit their respective investors to: (i) "accredited investors" as defined in the Securities Act of 1933, as amended ("Securities Act"), and (ii) "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act, or (iii) "qualified clients," as defined in the Advisers Act. Investors in the Funds must also meet certain other suitability qualifications prior to making an investment in the Funds. The Funds are not registered or required to be registered under the Investment Company Act; are not made available to the general public; their securities are not registered or required to be registered under the Securities Act; and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to RiverGlade and/or the Funds. The Funds typically require capital commitments from each investor of \$5 million, depending on the Fund, although the applicable Fund's General Partner has accepted capital commitments of lesser amounts in its sole discretion.

The investors participating in the Funds include high net worth individuals, other investment entities such as insurance companies and fund-of-funds, university endowments, family offices, pension plans, trusts, estates or charitable organizations, corporations, limited partnerships, limited liability companies or other business entities, and typically include, directly or indirectly, principals or other employees or third-party professionals of RiverGlade.

On occasion, RiverGlade offers co-investment opportunities for certain investors to invest alongside a Fund in certain Fund portfolio companies. As referenced in Item 4 above, co-investments have been structured either as (i) a separate Co-Investment Fund or (ii) a direct investment by certain investors into a portfolio company or its holding or operating company. When structured as a Fund, RiverGlade considers the investment to be a Fund client, identifies the Fund in its Form ADV Part 1, Schedule D, Section 7.B.(1), obtains an audit for the Fund, reserves the option to assess a Management Fee and Carried Interest on such Fund and includes the amount of assets of such Fund in the Firm's regulatory assets under management. In the case of direct co-investments, RiverGlade does not consider the investment to be a Fund or a client, does not act as the investment manager to the co-investment portion of the investment, does not charge Management Fees or Carried Interest to the investment, does not have custody of the investment or include the amount of assets of the co-investment in the Firm's regulatory assets under management. In such direct co-investment opportunities, RiverGlade will perform management, advisory and other services for the portfolio companies in which these co-investors invest, generally at no cost to such vehicles except portfolio company fees and expenses (which such fees and expenses are recorded at the portfolio company).

Opportunities to participate in a co-investment transaction arise when RiverGlade has the opportunity for an investment in an existing or prospective portfolio company and RiverGlade determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Fund, (iii) the full investment opportunity is not appropriate for a Fund whether due to concentration restrictions contained in the Fund's Governing Documents or otherwise or (iv) RiverGlade believes the Fund will benefit from the participation of the co-investor(s). Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements, agreements with lenders and such other factors as RiverGlade will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. RiverGlade's exercise of discretion in allocating co-investment opportunities will not always result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to RiverGlade's Fund(s) will be less than it would otherwise have been without the inclusion of such co-investors.

While one or more investors in the Main Funds are on occasion invited to co-invest in a Fund's portfolio companies, RiverGlade is authorized in its sole discretion to offer any or all of a co-investment opportunity to investors that are not investors in the Funds. Co-investment opportunities are made available to select Fund investors and third parties, including, without limitation, management or founders of the applicable portfolio company, strategic investors, lenders, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital

firms), service providers, third-party professionals (including Executive Healthcare Advisory Council members and Executive Partners), other persons or entities affiliated, associated or otherwise known to RiverGlade or its personnel and unrelated third parties. Certain service providers, including lenders and individuals who source transactions, have in the past and are expected in the future to negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

RiverGlade can cause some co-investors to bear a Management Fee and/or Carried Interest while not imposing a Management Fee and/or Carried Interest (or imposing a different Management Fee or Carried Interest) on other co-investors. Co-investment vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on substantially the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or Co-Investment Fund purchases a portion of an investment from a Fund after the Fund has consummated its investment in the portfolio company. Any such purchase from a Fund by a co-investor or Co-Investment Fund generally occurs shortly after the Fund's completion of the investment (also known as post-close warehousing or bridge financing); however, in certain instances, a post-closing sell-down or transfer could occur well after the Fund's initial purchase. When co-investors purchase their interest from a Fund after the Fund has consummated the investment, the price paid by co-investors is typically determined by the Fund's General Partner in its sole discretion. Where appropriate, and in RiverGlade's sole discretion, RiverGlade reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. The price may not reflect the full cost incurred by the Fund in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the portfolio company (if applicable) or the risk borne by the Fund in connection with purchasing and warehousing the investment. The Funds also will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment may acquire such interest on terms that do not reflect the then-current value of such investment.

In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which a Fund is throughout the investment process. As fees paid by or on behalf of co-investors in portfolio companies are not subject to a Management Fee offset and are thus retained by RiverGlade, the opportunity to receive such fees presents a conflict of interest in that RiverGlade could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement. RiverGlade seeks to address any such potential conflict of interest by investing in accordance with its policies and procedures governing investment allocation and co-investments. In addition, to the extent that RiverGlade engages in a secondary liquidity transaction in connection with an investment, co-investors will not necessarily receive the same liquidity options as investors in a Fund and may therefore be compelled to receive cash or continue to hold an interest in the investment, depending on the particular facts of the transaction.

In the event RiverGlade is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns. As fees paid by or on behalf of co-investors in portfolio companies are not subject to a Management Fee offset and are thus retained by RiverGlade, the opportunity to receive such fees could present a conflict of interest. Further, as Management Fees are offset based on each Fund's invested capital in an investment, the inclusion of co-investors presents a conflict of interest in that RiverGlade could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement.

Some co-investors are provided with a board seat or observer rights of a RiverGlade portfolio company. Positions on boards of directors or advisers of such portfolio companies provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors.

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

The Funds invest in control buyouts of growth-oriented lower middle market healthcare services companies with approximately \$3 million+ of EBITDA and on occasion will selectively make growth equity investment in such companies. The Funds focus on founder-owned businesses with differentiated business models and proven organic growth. RiverGlade seeks to create value for its portfolio companies by installing or partnering with highly qualified CEOs with an experienced board of directors and professionalizing/institutionalizing the business for scale and successful achievement of long-term growth objectives. Additionally, RiverGlade pursues investments in which it believes it is able to capitalize on multiple growth levers and identify several potential exit opportunities for the business.

The Funds focus primarily on the following business models:

- Multi-unit;
- Outsourced services;
- Tech-enabled solutions; and
- Products and distribution

## Risk Factors

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds and for which the Funds do not represent a complete investment program. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to such Fund. Different or new risks not addressed below will likely arise in the future and, therefore, the following list is not intended to be exhaustive. Risks and potential conflicts of interest in investing in the Funds include, but are not limited to, the following:

*Investments in Junior Securities.* The securities in which the Funds will invest are often among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Funds' investments once made.

*Concentration of Investments; Lack of Diversification.* The Funds will participate in a limited number of investments and reserve the right to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry could substantially affect a Fund's aggregate return. The Funds focus on investments in healthcare companies. Instability, fluctuation or an overall decline within the healthcare industries will likely not be balanced by investments in other industries not so affected. In the event that the healthcare sector as a whole declines, returns to the investors are likely to decrease. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds are permitted to invest in fewer portfolio companies and thus be less diversified.

The Funds are permitted to provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Governing Documents. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the investment limitations set forth in the Governing Documents.

*Unspecified Investments.* Investors will be relying on the ability of RiverGlade to locate and evaluate the investments to be made by the Funds. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that RiverGlade will be able to identify, or the Funds will be able to complete, portfolio investments that satisfy each Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values or that each Fund will be able fully to invest its committed capital.

*Competition.* The business of identifying, structuring and completing private equity transactions is highly competitive. The Funds will encounter competition from other entities having similar

investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of these competitors could potentially have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than RiverGlade, the Funds and their respective affiliates.

To the extent that the Funds encounter significant competition for investments, returns to investors have the potential to decrease. In addition, it is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the commitments of the investors are invested (or drawn down to be invested), the investors will be required to bear Management Fees through the Funds during the commitment period based on the entire amount of each investor's commitments and other expenses as set forth in the Governing Documents.

*Public Health Emergencies.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19, have resulted and are resulting in market volatility and disruption, and COVID-19 and any future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which can result in significant losses to the Funds.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which the Funds intend to invest are (or can in the future become) (i) highly regulated at both the state and federal levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Funds intend to make investments in companies that comply with relevant laws and regulations, certain aspects of these laws and regulations are complex, are often ambiguous or can lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the portfolio companies. The extensive government regulation of the healthcare industry creates additional uncertainty and risks for the Funds. Obtaining government approval when required is a lengthy and expensive process with an uncertain outcome. It is possible that portfolio companies will be unable to obtain necessary regulatory approvals on a timely basis, if at all, for any of the services they propose to render or products they are developing, and the failure to obtain regulatory approval can have a material, adverse effect on the success of the portfolio companies. Moreover, the current regulatory framework can change or additional regulations can arise at any stage during the lifecycle of a portfolio company, which can affect the company's ability to obtain approval of its products. There is the possibility for future changes that result in reductions

in current coverage and reimbursement levels for current and future products and services, and RiverGlade cannot predict the scope of any future changes or the impact that those changes will have on the operations or potential profitability of any of a Fund's portfolio companies. Any of these changes could negatively affect the future revenues and potential profitability of the Funds' portfolio companies. Healthcare systems outside of the United States are also subject to significant change. It is not clear at this time what changes, if any, will occur and what effect such proposals would have on the healthcare industry.

*General Risks of Investments in Healthcare Companies.* While investments in healthcare companies offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial losses. Healthcare companies often face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn.

*Healthcare Reform.* Healthcare reform continues to be a significant factor in the profitability of companies in which the Funds are permitted to invest. The efforts to reform the healthcare delivery system in the United States and Europe has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the companies in which the Funds invest.

*Healthcare Research and Innovation.* The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) can potentially make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which the Funds invest.

*Illiquidity; Lack of Current Distributions.* Any investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments can be realized before gains on successful investments are realized. The Funds' ability to dispose of investments can be limited for several reasons. Illiquidity can result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by a Fund. Dispositions of investments can be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, the Funds generally will not be able to return capital or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While

an investment can be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there potentially could be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to RiverGlade or its designated affiliate) can exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

*Leveraged Investments; Borrowing.* The Funds are permitted to make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss can, in certain circumstances, be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which is often impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it can be difficult to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) have the ability to restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of leverage sometimes imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and has the potential to impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in their leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund can potentially suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Additionally, lenders would typically have a claim that has priority over any claim by the respective Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund will not necessarily achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, a Fund can hold a larger than expected equity investment in such portfolio company and could realize lower than expected returns from such portfolio company which would adversely affect such Fund's ability to generate attractive returns for the Fund as a whole. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of businesses which the Fund have been contracted to purchase. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency.



The Funds are also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. Any use of leverage by the Funds also will result in interest expense and other costs to the Funds that has the potential to exceed, or otherwise not be covered by, distributions made to the Funds or appreciation of their investments. The Funds are permitted to incur leverage on a joint and several basis and, in connection with incurring such indebtedness, the RiverGlade reserves the right, in its sole discretion, to cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, although unlikely, if and when such Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right could otherwise be unenforceable. In addition, to the extent a Fund incurs leverage (or provides any guaranty), such amounts can be secured by the commitments of the investors and other Fund assets. The inability of a Fund to repay any leverage secured by the commitments of the investors could enable a lender to issue a capital call on behalf of RiverGlade.

*Use of Credit Facility.* The Funds are permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. The Funds' use of such facilities will be determined by RiverGlade, and the performance of the Funds have the potential to be impacted by how RiverGlade causes the Funds to utilize such facilities. Although the use of such a facility can increase a Fund's ability to swiftly invest capital, it also will cause such Fund to incur interest expense and other costs and subject investors to certain risks. For example, because amounts borrowed under a subscription line typically are secured by pledges of RiverGlade's right to call capital from the investors, investors will likely be obligated to contribute capital on an accelerated basis if such Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investor claim against a Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors.

Fund-level borrowing will result in incremental expenses that will be borne by the investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the investors and the terms of the Governing Documents, it can sometimes be higher than the interest rate an investor could obtain individually. Conflicts of interest have the potential to arise in that the use of such facilities generally will delay the need for investors to make certain contributions to a Fund, which generally would enhance such Fund's internal rate of return calculations and thereby benefit the marketing efforts of River Glade and its affiliates. To the extent a particular investor's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases such Fund's reported net returns in certain methods of calculation. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to

make an investment that is later sold in part to co-investors or used by a portfolio company, as to the extent co-investors or portfolio companies are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors and portfolio companies nevertheless stand to receive the benefit of the use of the subscription line and neither the Funds nor investors generally will be compensated for providing the relevant guarantee(s) but will generally be reimbursed for the related costs, expenses and/or liabilities associated with the use of the line.

A credit agreement will often contain other terms that restrict the activities of the Funds and the investors or impose additional obligations on them. For example, a subscription line can impose restrictions on RiverGlade's ability to consent to the transfer of an investor's interest in a Fund. In addition, in order to secure a subscription line, RiverGlade will on occasion request certain financial information and other documentation from investors to share with lenders. RiverGlade will have significant discretion in negotiating the terms of any subscription line and can agree to terms that are not the most favorable to one or more investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows RiverGlade to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. To the extent provided in the Governing Documents, any such borrowing is permitted to remain outstanding for such time as RiverGlade deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of such Fund. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for investors that would not arise had RiverGlade called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to the investors. Accordingly, borrowings by the Funds or portfolio companies might support the distribution of proceeds to investors and increase the potential Carried Interest for RiverGlade; however, the interest incurred due to such borrowing would reduce the Carried Interest received by RiverGlade. Subject to the limitations in the Governing Documents, if any, this conflict of interest incentivizes RiverGlade to permanently fund the acquisition and ongoing capital needs of investments of the Funds and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis and, accordingly, capital contributions to repay such borrowings can be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

*No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.* Investor interests in the Funds generally are not permitted to be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of RiverGlade, which can be withheld pursuant to the Governing Documents, and RiverGlade reserves the right to restrict the volume of transfers permitted in any calendar year in order to comply with certain safe harbors under the tax regulations promulgated under the Internal Revenue Code. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations where retaining an interest in a Fund would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Investors generally will not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in such Fund for an extended period of time.

*Investments Longer than Term.* It is possible that a Fund will make investments which will not be advantageously disposed of prior to the date such Fund is dissolved, either by expiration of the Fund's term or otherwise or a Fund's term can be extended to facilitate the wind-down of such Fund. Although RiverGlade expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, and although RiverGlade has a limited ability to extend the term of a Fund, there exists the possibility that a Fund will have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. To the extent that such investments are held in trust, the trust will often incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to the investors will occur.

*Distributions in Kind.* Although, under normal circumstances, prior to the termination of a Fund, the Fund intends to make distributions in cash or marketable securities, it is possible that under certain circumstances (including the winding-up of a Fund) distributions of investments for which there is no readily available public market and/or which are at times subject to substantial restrictions on sale or transfer are permitted to be made in-kind. It is possible that it will be difficult for investors to liquidate the investments received at a price or within a time period that is determined thereby to be ideal, and significant administrative burden can be involved. After a distribution of investments is made, the recipients could decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Investors in receipt of a distributed investment will have no guidance from the Funds or RiverGlade with respect to disposition of such investment (including timing of such disposition). The price at which such investments can be sold by such investors have the potential to be lower than the value of such investments determined pursuant to the Governing Documents, including the value used to determine the amount of Carried Interest accruing to RiverGlade with respect to such investment. In addition, the direct holding of certain

investments will often subject the holder to suit or taxes in jurisdictions in which such investments are located.

*Reliance on RiverGlade, the General Partners and Portfolio Company Management.* Control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds, will be vested with such Fund's General Partner. Consequently, a Fund's future profitability and investment performance will depend largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the principals currently, and expect in the future to, manage or advise other investments and/or investment funds besides the Funds and the principals expect that they will need to devote substantial amounts of their time to the investment activities of such other investments and/or funds, which will pose potential conflicts of interest in the allocation of the time of the principals. Investors generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of RiverGlade. In addition, certain changes in RiverGlade or circumstances relating to the Firm can sometimes have an adverse effect on the Funds or one or more of their portfolio companies, including potential acceleration of debt facilities. Furthermore, there can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of the principals. The Funds' investments often differ from previous investments made by the principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

The success of many of the Funds' portfolio companies is heavily dependent on the management of such companies. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Additionally, RiverGlade will generally establish the capital structure of companies in which the Funds invest on the basis of financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although RiverGlade will be responsible for monitoring the performance of each portfolio investment and the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management team, or any successor, will be able or willing to successfully operate a company in accordance with each Fund's objectives. Portfolio companies will typically need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company is held by the Funds. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds would potentially be adversely affected thereby.

*Projections.* Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by RiverGlade in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results can potentially be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Risks in Effecting Operating Improvements.* In some cases, the success of each Fund's investment strategy will depend, in part, on the ability of such Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements can often divert the attention of key personnel and disrupt normal business. There can be no assurance that the Funds will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions.* Before making investments, RiverGlade will conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence often entails evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties will often be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and RiverGlade generally will rely on the advice received from such third parties. Investment analyses and decisions by RiverGlade will often be undertaken on an expedited basis in order for the Funds to take advantage of investment opportunities and/or consummate investments. In such cases, the information available to RiverGlade at the time of an investment decision has the potential to be limited, and RiverGlade will not necessarily have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that could be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

*Conflicting Investor Interests.* Investors are expected, from time to time, to have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, potential conflicts of interest will arise in connection with decisions made by RiverGlade regarding an investment that could be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, RiverGlade generally will consider

the investment, tax and other relevant objectives of each Fund and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

*Need for Follow-On Investments.* Following an initial investment in a given portfolio company, a Fund will typically decide to provide additional funds to such portfolio company or have the opportunity to increase its investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments can have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or can result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Significant Adverse Consequences for Default.* The Governing Documents provide for significant adverse consequences in the event an investor defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting investor can be forced to transfer its interest in such Fund for an amount that is less than the fair market value of such interest and that can, at times, be paid over a period of up to ten years, without interest. Whether and how to exercise RiverGlade's remedies against a defaulting investor will be in the sole discretion of RiverGlade, and RiverGlade reserves the right to require the non-defaulting investors to contribute capital to make up for the shortfall created by such defaulting investor.

*Recycling; Reinvestment.* RiverGlade generally has the right to recall certain capital returned or distributed to the investors. Accordingly, during the term of the Funds, an investor can be required to make capital contributions in excess of its commitment (subject to certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

*Fees and Expenses.* The Funds will pay and bear all expenses related to its operations, including Management Fees and the costs of holding, monitoring, maintaining and disposing of portfolio companies, including investment banking fees and consulting fees, whether or not a Fund makes any profits. While it is difficult to predict the future expenses of the Funds, such expenses are expected to be substantial and can surpass a Fund's operating income. The amount of these Fund expenses will reduce the actual returns realized by investors on their respective investments in such Fund (and can, in certain circumstances, reduce the amount of capital available to be deployed by the Funds for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it at times can be hard to budget or forecast. As a result, the amount of the Fund expenses ultimately called or called at any one time has the potential to exceed expectations.

*Non-Controlling Investments.* The Funds are permitted to hold meaningful minority stakes in privately held companies and in some cases have limited minority protection rights. In addition, during the

process of exiting investments, the Funds at times can hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds will on occasion hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it can be more difficult for a Fund to liquidate its interests than it would be had such Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it will be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies can sometimes be controlled or influenced by persons and/or entities who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Fund or the investors. Such third parties could be in a position to take action contrary to a Fund's business, tax or other interests, and the Fund could potentially not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, the Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the Funds will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Director Liability.* The Funds typically seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests (each, a "Board Representative"). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, a Board Representative will potentially have duties to persons and/or entities other than such Fund. Serving on the board of directors (or similar governing body) of a portfolio company will expose a Board Representative, and ultimately the Fund, to potential liability. It is assumed that all portfolio companies will obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain has the potential to be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

*Litigation.* The transactional nature of the business of the Funds exposes the Funds, RiverGlade and their respective affiliates generally to the risk of third-party litigation. In the ordinary course of its business, the Funds may subject to litigation from time to time. Additional regulation could also increase the risks of third-party litigation. The outcome of such proceedings has the potential to materially adversely affect the value of a Fund and can continue without resolution for long periods of time. Any litigation has the potential to consume substantial amounts of RiverGlade's and the principals' time and attention, and that time and the devotion of these resources to litigation can, at times, be disproportionate to the amounts at stake in the litigation.

*Advisory Committee.* Each General Partner will appoint one or more investor representatives to each Fund's advisory committee. The Governing Documents provide that to the fullest extent permitted by applicable law, none of the Fund advisory committee members in respect of the activities of the respective Fund advisory committee shall owe any fiduciary duties to its Fund or any investor. In addition, representatives of the Fund advisory committees can have various business and other relationships with RiverGlade and its partners, officers, directors, employees and affiliates. These relationships could potentially influence their decisions as members of a Fund's advisory committee.

In addition, it is possible that members of one Fund's advisory committee will also be a member of another Fund's advisory committee. In such instances, a conflict of interest could be deemed to exist if an advisory committee is requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such advisory committee members serve, and such members would be unlikely to recuse themselves from any such vote. To the extent members of an advisory committee vote regarding conflicts or otherwise participate in matters involving a vote or action, such members may not vote solely in accordance with their interests related to one Fund vis a vis another Fund, including for example, if such a member is required to vote on issues regarding conflicts between the Funds. Such members are unrestricted from voting and have the potential to affirmatively vote in a manner that is in their own interest and adverse to the interest of other investors. Finally, advisory committee members may choose to abstain from voting on certain issues, which means that certain votes and issues could be decided only by non-abstaining members and less than a complete group of advisory committee members.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence can be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence can lead to or extend a localized or global economic downturn. A climate of uncertainty can reduce the availability of potential investment opportunities, and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn would typically have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This can, on occasion, slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn can have an adverse effect upon the Funds' portfolio companies.

*General Economic and Market Conditions.* The private equity industry generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by RiverGlade. Moreover, governmental measures undertaken in response to such turmoil (whether



regulatory or financial in nature) can have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions have the potential to reduce the availability of attractive investment opportunities for the Funds and can affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) generally also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the Funds' portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007, the downgrading of the credit rating of the U.S. in 2011 or the recent downturn in the U.S. and global financial markets, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates can adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector can have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Such adverse effects can sometimes include the requirement of a Fund to pay break-up, topping, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that RiverGlade believes reflect the fair value of such investments. The impact of market and other economic events will generally also affect the Funds' ability to raise funding to support its investment objective.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. In particular, the SEC has increased emphasis on investment adviser and private fund regulation and has both adopted and proposed a number of new rules that impose significant changes on private fund advisers and their management of private funds. Such changes are expected to materially impact RiverGlade, the Funds and/or the investments, as well as increasing their expenses. Significant time and resources are expected to be required to comply with new regulations. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategy or achieve their investment objectives.

On August 23, 2023, the SEC adopted new rules and amendments (collectively, the "Private Fund Rule") to existing rules under the Advisers Act specifically related to advisers to private funds. In particular, the Private Fund Rule (i) requires quarterly reporting by registered private fund advisers to investors concerning performance, fees and expenses; (ii) requires registered investment advisers to obtain an annual audit for private funds; (iii) requires registered investment advisers to obtain a fairness opinion or a valuation opinion and make certain disclosures in connection with adviser-led secondary transactions; (iv) imposes limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with the adviser; and (v) prohibits advisers to private funds from taking certain actions without providing disclosures to investors and,

in some cases, without obtaining investor consent. The Private Fund Rule is expected to have a significant effect on RiverGlade, the Funds and their operations, including increased compliance burdens and associated regulatory costs, increased investor reporting and disclosures to investors, enhanced risk of regulatory action and additional regulatory uncertainty. Significant time and resources are expected to be required to comply with the Private Fund Rule.

In addition, in recent years, the Antitrust Division of the Department of Justice and the Federal Trade Commission have been more aggressive in evaluating potential anti-competition concerns with respect to certain strategies of private equity sponsors, including “roll-up” strategies where a sponsor ultimately acquires a significant share of an industry through a series of smaller transactions. Such regulatory focus (including enforcement activity) could result in additional costs in connection with acquisitions and dispositions and other adverse impacts to a Fund’s investments.

*Geopolitical Risks and Force Majeure.* An unstable geopolitical climate and continued threats of terrorism could have a material adverse effect on general economic conditions, market conditions and market liquidity. U.S. military actions around the globe; the threat or occurrence of terrorist attacks in the future; rising oil, energy and other commodity or material prices (including those resulting from the unavailability thereof); and the United States’ military, economic and political responses to terrorism all can have material consequences on the U.S. and global economies. RiverGlade is not able to predict the extent, severity or duration of the effect of any past or future terrorist attacks and related events or quantify the impact that these events can have on investment objectives or the markets where an underlying Fund investment will be located. For example, the United States and governments globally have seen a rise in populist and nationalist tendencies, with political parties espousing such themes gaining strength in local and national elections. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for certain commodities and could affect certain portfolio companies’ financial results. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence has the potential to increase the risk of default of particular portfolio investments, negatively impact market value, increase market volatility and cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on a Fund’s returns and ability to make new investments. No assurance can be given as to the effect of these events on the value of or markets for portfolio investments.

Additionally, the Funds or portfolio investments can be affected by force majeure events such as events beyond the control of the party claiming that the event has occurred including, without limitation, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes. Some force majeure events may adversely affect the ability of a party, including a Fund, portfolio company or a counterparty to a Fund or a portfolio company, to perform its obligations until it is able to remedy the force majeure event. In certain circumstances, a Fund or a portfolio company may be a party to a contract which does not provide a remedy in favor of the Fund or such portfolio company if a force majeure event occurs. In this event, the Fund or such portfolio company may be required to continue to comply with its

obligations (including, but not limited to, payment or performance of its obligations) under the contract even though it may not receive some or all of the benefits to which it is entitled under such contract. Such a circumstance can cause the Fund or such portfolio company to suffer economic loss, and such loss has the potential to be exaggerated if a force majeure event subsists for an extended period of time.

Certain force majeure events, such as war or an outbreak of an infectious disease, could have broader negative impact on the world economy and international business activity generally or in any of the countries in which a Fund has invested. A resulting negative impact on economic fundamentals and consumer confidence can increase the risk of default with respect to particular investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, each of which could have an adverse effect on the performance of portfolio investments, the Funds' returns and the ability of a Fund to make and/or dispose of portfolio investments. No assurance can be given as to the effect of these events on the value of, or markets for, portfolio investments, or a Fund's or a portfolio investment's ability to recover therefrom.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, RiverGlade, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of RiverGlade to manage the Funds and their investments, and on the ability of RiverGlade, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair

value of such investments and/or the inability of RiverGlade and/or the portfolio companies to make payroll, fulfill obligations and maintain operations. Although RiverGlade expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. In addition, in the event RiverGlade determines to change Financial Institutions, there is a risk that the transfer of cash or other assets, especially if done in an expedited manner, will result in a technical violation of Advisers Act Rule 206(4)-2 (the “Custody Rule”), even if performed in the Firm’s best judgment of its efforts to fulfill its obligations and maintain operations, including its ability to close transactions, make payroll or otherwise.

Many Financial Institutions require, as a condition to using their services or otherwise, that RiverGlade and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s) and/or require capital calls to be funded into accounts at such Financial Institution (each, a “Custodian”), which heightens the risks associated with a Distress Event with respect to such Custodians. Although RiverGlade seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, RiverGlade is under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

*Inflation.* The U.S. economy is currently in a period of high inflation. Investments could have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, an investment could earn more revenue but could incur higher expenses. As inflation declines, an investment might not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. Accordingly, there can be no assurance that a higher rate of inflation will not have a material adverse effect on the Funds’ investments.

*Deterioration of Credit Markets Can Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, it is possible for the Funds’ ability to generate attractive investment returns to be adversely affected. Moreover, to the extent that such deterioration is not temporary and continues, it can potentially have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such deterioration can also restrict the ability of the Funds to realize their investments at favorable times or for favorable prices.

*Material Non-Public Information.* As a result of the operations of RiverGlade and its affiliates, as well as in connection with officerships and directorships of RiverGlade’s personnel, RiverGlade may at times come into possession of confidential or material, non-public information. Therefore, RiverGlade and its affiliates could potentially have access to material, non-public information that can be relevant to an investment decision to be made by a Fund. Consequently, a Fund can potentially be restricted

from initiating a transaction or selling an investment which, if such information had not been known to it, could have been undertaken on account of applicable securities laws or RiverGlade's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold. RiverGlade anticipates that, to avoid such restriction, it may elect not to receive such non-public information. As a result, a Fund, at times, may receive less information regarding such portfolio company than is available to the other investors in such portfolio company, which can result in the Fund taking actions or refusing to take actions in a manner different than had it received such non-public information.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by (i) RiverGlade employees, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Funds and cause significant losses to the Funds. Misconduct can include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities often result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. RiverGlade has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

*Certain Consultants.* RiverGlade expects to use, retain or employ, on behalf of the Funds and/or the portfolio companies, operators and other individuals and/or companies, as applicable ("Special Consultants"), which are permitted to be affiliates of RiverGlade, employees of such affiliates, portfolio companies of the Funds, third party consultants (including individual Operations Group members (including individual members of the Executive Healthcare Advisory Council, River Guides and Executive Partners), consultants and external executives), "strategic partners," "executive partners" or "senior advisors." The Special Consultants are expected to regularly provide services to, or in connection with, the Funds in relation to their activities, or to one or more portfolio companies or potential portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies or potential portfolio companies, including operational aspects of such companies ("Services").

Pursuant to the Governing Documents, compensation, fees and certain expenses associated with the Services (collectively, "Consulting Fees and Expenses") with respect to certain of the Special Consultants are intended to be paid and/or reimbursed by applicable portfolio companies and/or the respective Fund, and such Consulting Fees and Expenses do not reduce or offset the Management Fee or Carried Interest payable to RiverGlade. Although RiverGlade intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors can result in limited or no cost savings

from such retention. In addition, RiverGlade intends to retain only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, portfolio companies of the Funds will, on occasion, pay certain of the Special Consultants to perform Services that, directly or indirectly, benefit RiverGlade, its affiliates, the Funds and/or their portfolio companies. Consequently, RiverGlade, the Funds, their affiliates and/or their portfolio companies can receive services without being charged or at rates that are lower than the rates borne by another Fund or its portfolio companies. Conversely, portfolio companies of a Fund could potentially benefit from Services that are paid for by RiverGlade, the Funds, their affiliates and/or other Funds' portfolio companies. Likewise, a Fund could potentially pay certain of the Special Consultants (including individual members of the Operations Group) to perform Services that, directly or indirectly, benefit RiverGlade, its affiliates, another Fund and/or its portfolio companies. There can be no assurance that the Funds or their portfolio companies will receive benefits paid for by another Fund or its portfolio companies that are commensurate to the benefits received by such Fund and its portfolio companies that are paid for by the Funds or their portfolio companies. Relying on Special Consultants creates potential conflicts of interest. For example, RiverGlade typically determines the amount of compensation that will be paid to Special Consultants and portfolio companies or a Fund ultimately pay or reimburse RiverGlade for such compensation. The appropriate level of compensation for Special Consultants can be difficult to determine, especially if the expertise and services he/she provides are unique and/or tailored to the specific engagement. In addition, given that RiverGlade (and not a Fund) otherwise pays the salaries of RiverGlade employees, RiverGlade has incentives to retain individuals as Special Consultants instead of hiring them as employees, or to convert existing employees to Special Consultants.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, RiverGlade will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values can potentially differ from values that would have been determined had an active market existed for such securities and can differ from the prices at which such securities ultimately may be sold. The Firm has established a valuation policy, which it will follow when performing portfolio company valuations. Each General Partner will determine the value of the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the

eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. The exercise of discretion in valuation by RiverGlade gives rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees. In particular, where the Management Fee is calculated based on the valuation of an investment, or a determination of whether an investment has been written-off or otherwise permanently impaired, RiverGlade will have an incentive to make determinations that result in the continued payment of the, or a higher, Management Fee. In situations where the Management Fee is calculated based on committed capital, contributed capital or the cost basis of investments, the Management Fee generally will not be reduced based on reductions in investment value. Absent bad faith or manifest error, valuation determinations in accordance with RiverGlade's valuation policy will be conclusive and binding. Moreover, because RiverGlade will determine in its discretion the value of any such assets, RiverGlade will have an apparent conflict of interest in making that determination, given the potential impact of such valuations on a Fund's performance results.

In addition, the Firm regularly reports to Fund investors, prospective investors and the investor community more generally, metrics of each Fund's performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Funds' investments, including unrealized investments. These reports are an indication of the overall health of a Fund and are important to the Firm's efforts to attract investors to the Firm and any current or future Fund.

*Co-Investments.* As discussed in Item 7 above, RiverGlade reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more investors and/or other persons, in each case on terms to be determined by RiverGlade in its sole discretion. Conflicts of interest have the potential to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which can be made to one or more persons for any number of reasons as determined by RiverGlade in its sole discretion, has the potential to not be in the best interests of a Fund or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, including with respect to allocating a particular investment to and among potential co-investors and determining the terms thereof, RiverGlade reserves the right to consider some or all of a wide range of factors (some or all of which can potentially benefit RiverGlade or a General Partner). Furthermore, RiverGlade reserves the right to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a co-sponsor. Additionally, from time to time, certain service providers (*e.g.*, lenders) are expected to seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to RiverGlade, the Funds or their portfolio companies in connection with the services provided. Co-investment opportunities typically will be offered to some and not to other investors. RiverGlade's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors to the Funds or any other co-investment vehicle, and such allocations generally will be more or less advantageous to some persons or entities than to others. The Funds are permitted to co-invest with third parties through partnerships, joint ventures or other entities or

arrangements. Such investments have the potential to involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner can at any time have economic or business interests or goals that are inconsistent with those of the Funds, or be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds can in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Fund's returns from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

*Limited Access to Information.* Investors' rights to information regarding the Funds, a General Partner or RiverGlade generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that RiverGlade and its affiliates will obtain certain types of material information from or relating to the Funds' investments that will not be disclosed to the investors because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of RiverGlade's control. Decisions by RiverGlade or its affiliates to withhold information could potentially have adverse consequences for the investors in a variety of circumstances. For example, an investor that seeks to transfer its interest in a Fund would potentially have difficulty in determining an appropriate price for such interest. Decisions to withhold information can also make it difficult for an investor to monitor RiverGlade and its performance. Additionally, it is anticipated that investors that designate representatives to participate on a Fund's advisory committee generally will, by virtue of such participation, have more or earlier information about the respective Fund and its investments in certain circumstances than other investors. Investors generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the Funds succeed in asserting confidentiality for requested documents and other materials, and RiverGlade reserves the right to withhold certain information from investors subject to such laws for reasons relating to RiverGlade's public reputation, business strategy or other reasons.

*Cybersecurity Risks and Identity Theft.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. The Funds and their portfolio companies' information and technology systems can be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, ransomware attacks, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. Although RiverGlade intends to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, RiverGlade, the Funds and/or a portfolio company will often incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The use of internet or cloud-based programs, technologies and data storage applications generally heighten these risks, and the risks of attack are expected to be heightened in remote work environments. In addition, RiverGlade's systems could be vulnerable to supply-chain attacks, wherein attackers target third parties providing software or services in order to introduce vulnerabilities in RiverGlade's network or systems. The



failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in RiverGlade's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm RiverGlade's, the Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise affect their business and financial performance. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company could potentially be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks carries the potential to be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at RiverGlade or one of its affiliates or service providers holding its financial or investor data, RiverGlade, its affiliates or the Funds can also be at risk of loss.

*Agreements with Certain Investors.* The Funds and/or RiverGlade have entered into a side letter or other similar agreement with certain investors in connection with their admission to the Funds without the approval of any other investor, which has the effect of establishing different or preferential rights or terms under, altering or supplementing the terms of, or confirming the interpretation of the applicable Governing Documents and any related subscription agreement with respect to such investor in a manner more favorable to such investor than those applicable to other investors, and such rights can be significant. Except where required by the Governing Documents, the other investors have no recourse against RiverGlade, the Funds or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters.

*Disclosure of Confidential Fund and Investor Information.* Investors include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which can sometimes compel public disclosure of confidential information regarding the Funds, their investments and their investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. The Funds can sometimes incur expenses in connection with responding to any such disclosure requests, even if a Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the investors will have pursuant to the Governing Documents to maintain the confidentiality of a Fund's information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. RiverGlade also reserves the right, in certain circumstances, in an effort to protect any such potential disclosure, to withhold all or any part of the information otherwise to be provided to such an investor, as more fully described in the Governing Documents. There can be no assurance

that such information will not be disclosed by a Fund, a General Partner, RiverGlade, their affiliates and personnel, portfolio companies or service providers to any of them including to comply with laws, regulations or policies to which they are or can become subject. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private equity fund advisers, such as RiverGlade, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of a Fund's information could have an adverse effect on such Fund and its investors, for example, by affecting the Fund's competitive advantage in finding attractive investment opportunities.

*Environmental, Social and Governance Matters.* While RiverGlade does not pursue ESG or impact focused Funds, it recognizes that, for many investors, environmental, social or governance ("ESG") concerns and the societal impact of their portfolios is an important consideration which cannot be viewed in isolation from overall investment performance. Therefore, the Firm will endeavor, when appropriate, to take certain ESG considerations into account in its investment decision and oversight process and can, in appropriate circumstances, incorporate similar considerations into the Firm's ongoing management decisions with respect to certain portfolio companies. However, ESG is only one of the many factors RiverGlade will consider in making investment decisions, and unless otherwise required pursuant to a Fund's Governing Documents, the weight placed on any such ESG considerations will be in RiverGlade's sole and absolute discretion. Further, applying ESG standards to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by RiverGlade or any judgment exercised by RiverGlade will reflect the beliefs or values of any particular investor or group of investors. Finally, an assessment of ESG factors is not necessarily determinative and RiverGlade's investment decisions will always be subject to being made in a manner that is consistent with the Firm's fiduciary duty to act in the best interests of the Fund's investors. Investments made by the Funds are not required, and may not, create positive ESG-related impacts.

To the extent that RiverGlade engages with companies on ESG-related practices and potential enhancements thereto, there can be no guarantee that (i) such engagements will achieve either or both of the desired financial and social impact or results and/or (ii) the market or other stakeholders (community members, portfolio company employees, customers, etc.) will view any such changes as desirable (either socially or to a Fund's financial health).

Additionally, market pressures, including the potential adverse reaction by investors and other participants in the investment industry to the application of ESG factors to investment processes could result in tensions, conflicts of interest or other potential issues as private fund sponsors navigate how to balance competing interests with respect to ESG considerations. There is a risk that the Funds will underperform other funds that do not take ESG-related factors into account or conversely, could underperform specialized funds that are largely or exclusively focused on sustainable investing principles.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and RiverGlade's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. RiverGlade's ESG policy and ESG practices could become subject to additional regulation in the future, and the Firm cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

### **Potential Conflict of Interest**

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of the Funds, RiverGlade and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, investors should be aware that RiverGlade, its personnel, and its affiliates are likely to in the future engage in further activities that result in additional conflicts of interest not addressed below. There can be no assurance that RiverGlade will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund. To the extent that RiverGlade identifies conflicts of interest in the future, the Firm may, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory committees or to investors. However, investors are not entitled to receive notice or disclosure of the actual occurrence of conflicts nor do investors have any right to consent to conflicts as they arise except as otherwise required by law or in the Governing Documents.

*Time and Attention.* In connection with managing the Funds, the principals and RiverGlade's investment staff expect to spend their business time and attention pursuing investment opportunities for across all Funds. RiverGlade believes that the significant investment of the principals in the Funds, as well as the principals' interest in the Carried Interest, operate to align, to some extent, the interest of the principals with the interest of the principals, although the principals currently have, and in the future could obtain, economic interests in other investment vehicles, funds and/or investments as well and receive Management Fees, other fees and Carried Interest relating to such investment vehicles, funds and/or investments. Such other future investment funds and investments that the principals control or manage, in certain instances, can compete with the Funds or companies acquired by the Funds. At such time as RiverGlade is permitted to raise a successor investment fund to the most recently raised Fund, the principals will continue to manage the Funds' investments, but also will focus investment activities on other opportunities and areas unrelated to the current Funds' investments. Certain investments are permitted to be allocated between the Funds and any successor funds in a manner as set forth in the Governing Documents.

Unless restricted by the Governing Documents or RiverGlade's policies, RiverGlade personnel are permitted to serve on boards or act in other roles unaffiliated with RiverGlade, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles. Such companies are not portfolio companies of a Fund and, as a result, any compensation received by an employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or investors.

*Allocation of Investment Opportunities.* Until such time as RiverGlade is permitted under the Governing Documents to raise a successor investment fund to the most recently raised Fund, the principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the Funds principally for the benefit of such Fund, subject to certain exceptions set forth in the Governing Documents. However, the principals currently, and in the future expect to, manage several future investment vehicles, funds and/or investments besides the Funds and investments similar to those in which the Funds will be investing and, in certain instances, will be authorized to direct certain relevant investment opportunities to future investment funds and investments. Over time, certain investment opportunities suitable for the Funds are likely also to be suitable for future investment funds sponsored by RiverGlade or its affiliates. In determining which Funds should participate in such investment opportunities, subject to the Governing Documents, RiverGlade, the principals and their affiliates are subject to potential conflicts of interest between the Funds. To determine which Fund(s) will participate in the relevant investment opportunity, RiverGlade generally assesses whether an investment opportunity is appropriate for each relevant Fund based on the terms of such Fund's Governing Documents, as well as factors including, but not limited to: the respective Fund's available capital, each Fund's investment restrictions and objectives (including those set forth in the relevant Fund's Governing Documents (including side letters), if any), strategy, risk profile, sourcing, structural and operational considerations of the relevant Fund, investment limitations, target rate of return, composition of each Fund's portfolio, target investment size, suitability as a follow-on investment for current investors, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification considerations, cash level (if any), tax and regulatory considerations, life cycle, structure size and nature of investment, anticipated duration/hold period and other relevant factors (including agreements with co-sponsors). The Funds are authorized to invest together in the manner set forth in the relevant Governing Documents. RiverGlade will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable under the circumstances over time consistent with RiverGlade's obligations and, in connection with such determination, RiverGlade is permitted to take into consideration factors such as those set forth above. In the event that RiverGlade determines that the available amount of an investment opportunity in which a Fund will invest exceeds an amount appropriate for such Fund, such excess is permitted to be offered to one or more potential co-investors.

RiverGlade's allocation of investment opportunities among the Funds will not always be proportional. Therefore, such allocations, from time to time, will be more advantageous to one Fund relative to another Fund. While RiverGlade will allocate investment opportunities in a manner that it believes in

good faith is fair and equitable to the Funds under the circumstances over time, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which RiverGlade are subject did not exist.

Additionally, conflicts of interest can arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by another RiverGlade Fund. For instance, it is possible that the Funds will not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies. This has the potential to result in differences in price, investment terms, leverage and associated costs between the Funds. The Funds generally will not be required to exit the investment at the same time or on the same terms, and there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other Fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to all Funds.

*Allocation of Expenses.* RiverGlade will be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. RiverGlade, in its sole discretion, will allocate fees and expenses in accordance with the Governing Documents and in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses will not always be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on the number of funds or co-investors receiving related benefits or proportionately in accordance with asset size.

*Conflicts with Portfolio Companies.* The Funds intend to make controlling investments in portfolio companies. As a result of these significant investments, the Funds anticipate that they will have the right to appoint portfolio company board members (including current or former RiverGlade personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to RiverGlade in connection with services provided by RiverGlade and its affiliates to such portfolio company and, except to the extent such amounts are subject to the Governing Documents' offset provision, are in addition to the Management Fee or Carried Interest discussed herein. RiverGlade's authority to appoint or influence the appointment of portfolio company board members who are likely to be involved in approving compensation payable to RiverGlade subjects RiverGlade and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse RiverGlade or service providers retained at RiverGlade's discretion for expenses (including travel expenses) incurred by RiverGlade or such service providers in connection with the performance of services for such portfolio company. This subjects RiverGlade to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be

substantial. Subject to the Governing Documents and its internal reimbursement policies and practices, RiverGlade determines the amount of these reimbursements for such services in its own discretion.

*Employees and Service Providers.* RiverGlade is permitted to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other investment vehicles advised by RiverGlade or an affiliate; conversely, former personnel or executives of RiverGlade could potentially serve in significant management roles at portfolio companies or service providers recommended by RiverGlade. Similarly, RiverGlade and/or its personnel maintain relationships with (or are to permitted to invest in) financial institutions, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, RiverGlade, the General Partners and/or the Funds. RiverGlade will have a potential conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by the Funds if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide RiverGlade information about markets and industries in which RiverGlade operates (or is contemplating operations) or will provide other services that are beneficial to RiverGlade. RiverGlade will have a potential conflict of interest in making such recommendations, in that RiverGlade has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds and other investment vehicles that RiverGlade or an affiliate advises, while the products or services recommended are not necessarily the best available to the portfolio companies held by the Funds.

Over the life of the Funds, RiverGlade generally expects to exercise its discretion to recommend to the Funds or to portfolio companies thereof that they contract for services with various service providers, potentially including, among others: (i) RiverGlade (or an affiliate, including other portfolio companies of the Funds or an affiliate) and at rates determined or substantively influenced by RiverGlade; (ii) an entity with which RiverGlade or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) an investor or its affiliates. This subjects RiverGlade to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, RiverGlade will have an incentive to recommend the related or other person or entity because of its financial or business interest. Additionally, there is a possibility that RiverGlade, because of such incentive or for other reasons (including whether the use of such persons or entities could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to RiverGlade or the Funds), will favor such retention or continuation even if a better price and/or quality of service provider could be obtained from

another person or entity. Whether or not RiverGlade has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The fact that RiverGlade's Carried Interest is based on a percentage of net profits creates an incentive for RiverGlade to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. In addition, because the Funds have a fixed commitment period after which capital from investors generally can only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Funds, calculated based upon the amount of capital invested by the Funds, the Management Fee structure creates an incentive for RiverGlade to deploy capital when it might not otherwise have done so.

*Products or Services Received by RiverGlade Funds from Portfolio Companies.* From time to time, certain portfolio companies of the Funds provide RiverGlade and its affiliates, employees, employee's friends and families, third-party professionals or board members of such portfolio companies appointed by RiverGlade with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge.

*Tangible and Intangible Benefits.* In connection with its services to the Funds and their investments, RiverGlade expects to receive the benefit of certain tangible and intangible benefits. For example, in the course of RiverGlade's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, RiverGlade and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "the RiverGlade Information"). In many cases, RiverGlade Information will include tools, procedures and resources developed by RiverGlade to organize or systematize RiverGlade Information for ongoing or future use. Although RiverGlade expects its Funds and their portfolio companies generally to benefit from RiverGlade's possession of RiverGlade Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by RiverGlade and its personnel) and not by the Fund or portfolio company from which RiverGlade Information was originally received. RiverGlade Information will be the sole intellectual property of RiverGlade and solely for the use of RiverGlade.

Additionally, RiverGlade and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in "miles" or "points" or credit in loyalty/status programs to RiverGlade and/or its employees, and such rewards or amounts will exclusively benefit RiverGlade and/or such employees and will not be subject to the offset arrangements or otherwise shared with such Fund, its investors, or the portfolio companies.

*Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements.* The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among RiverGlade, the investors, the Fund, the General Partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While RiverGlade will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations RiverGlade adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, RiverGlade is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of RiverGlade or the integrity of RiverGlade's management. RiverGlade and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

On occasion, in the ordinary course of its business, it is possible that RiverGlade, the Funds, or the Funds' portfolio companies (or their respective directors and executive officers) will be named as defendants in a legal action. Although there can be no assurance of the outcome of such legal actions, RiverGlade does not believe that any current legal proceedings or claims to which RiverGlade, the Funds, or the Funds' portfolio companies (or their respective directors and executive officers) are a party, if any, would individually or in the aggregate materially affect an investor's or prospective investor's evaluation of the Firm or the integrity of the Firm's management.

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

Neither RiverGlade nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. Neither RiverGlade nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing.

RiverGlade does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its Funds or its investors. RiverGlade has and will continue to develop relationships with professionals who provide



services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage, recruiting, information technology, compliance and other services. Some of these professionals provide services to the principals, employees, the Funds or their portfolio companies. Additionally, some of these professionals are investors in RiverGlade Funds, either personally or indirectly through their company or another entity.

As described above in Item 4, RiverGlade is affiliated with the Funds' General Partners which are deemed registered with the SEC under the Advisers Act pursuant to RiverGlade's registration. The General Partners (i) operates as a single advisory business together with RiverGlade, (ii) serve as the General Partner of private investment funds and other pooled vehicles and (iii) share common owners, officers, partners, employees, consultants, third-party professionals or persons occupying similar positions. The General Partners do not have employees of its own.

From time to time, RiverGlade receives training, information, promotional materials, meals, entertainment, gifts or other perquisites from vendors and others with whom it does business or to whom it makes referrals. However, at no time will RiverGlade accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing business to a specific vendor. Similarly, RiverGlade employees have in the past, and expect in the future, to speak at and attend conferences and programs for potential investors interested in investing in private funds and other industry events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other industry events, prospective investors have the opportunity to meet with RiverGlade. Neither RiverGlade nor any Fund compensates these investment bankers, broker-dealers or others for investments ultimately made by prospective investors attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

RiverGlade does not recommend or select other investment advisers for the Funds.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

Pursuant to Rule 204A-1 of the Advisers Act, RiverGlade has adopted a written code of ethics ("Code of Ethics") that sets forth standards of conduct expected of supervised persons and addresses personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws. With respect to third parties that are not subject to the trading restrictions under RiverGlade's Code of Ethics and that may otherwise obtain sensitive and nonpublic information relating to a Fund deal (*e.g.*, co-investors, legal, financial, diligence, public relations and other similar service providers), such persons typically are subject to contractual

provisions in confidentiality agreements or professional obligations that prohibit the misuse of any such information.

Supervised persons are required to certify to their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, censure, fines, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

RiverGlade will provide a copy of its Code of Ethics to any existing or prospective investor upon request to RiverGlade's Chief Compliance Officer, Mark Pridgeon, (312) 940-6700 or [info@rivergladecapital.com](mailto:info@rivergladecapital.com).

### **Personal Trading**

The personal trading policy for RiverGlade supervised persons is set forth in RiverGlade's Code of Ethics and is acknowledged as received and understood by each supervised person. RiverGlade's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons in no respect misappropriate any benefit properly belonging to a Fund.

Because RiverGlade's business focuses primarily on private market investments, RiverGlade expects that instances of supervised persons having access to material nonpublic information regarding publicly-traded securities will be relatively infrequent. RiverGlade's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. RiverGlade maintains a restricted list of issuers about which it has or may have material nonpublic information. Supervised persons are permitted to make securities transactions in their personal accounts, subject to certain limitations. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including trading in restricted list securities, initial public offerings and limited offerings. In addition, supervised persons are required to file certain reports and link certain brokerage accounts to the Firm's compliance software to enable monitoring of personal trading by the Chief Compliance Officer.

The principals and employees of RiverGlade will occasionally carry on investment activities for their own account and for family members or others, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds, even if their investment objectives are the same or similar. In addition, principals and employees are permitted to buy securities in transactions offered to, but rejected by,

the Funds or that are outside the investment mandate of the Funds. All such employee private investments are subject to pre-approval and/or review by the Chief Compliance Officer.

Because of the private nature of the Funds' investments, RiverGlade does not typically face a situation where a supervised person buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for the Funds. A supervised person wishing to purchase or sell an interest in a RiverGlade portfolio company is required to seek pre-approval from the Chief Compliance Officer for such transaction.

### **Participation or Interest in Client Transactions**

Certain RiverGlade employees and their family members have invested in the Funds through the General Partner and/or as Fund investors. As mentioned in Item 5 above, RiverGlade generally reduces all or a portion of the Management Fee and Carried Interest related to investments held by such persons. RiverGlade does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of investors in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. RiverGlade will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This also applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser, such as a Fund General Partner). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of RiverGlade's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or RiverGlade or a Fund General Partner purchasing the interest of an existing investor. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more different funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of RiverGlade's business, a cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another. Agency cross transactions occur where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to RiverGlade.

In the event RiverGlade were to recommend a principal transaction or cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating Funds;

(ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory committee or investors, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

### **Conflicts of Interest**

If any matter arises that RiverGlade determines in its good faith constitutes an actual conflict of interest, RiverGlade will take such actions as are necessary or appropriate, and as permitted by any applicable Fund's Governing Documents, to address the conflict. The Governing Documents of each Fund include a description of what RiverGlade believes to be the most significant conflicts of interest associated with an investment in that Fund. Some of these conflicts are summarized in Item 8 above.

### **Item 12 – Brokerage Practices**

While RiverGlade generally focuses on securities transactions in private companies and purchases and sells such companies through privately negotiated transactions, the Funds on occasion engage broker-dealers and investment bankers to perform various services for the Funds and portfolio companies, such as assisting in the purchase or sale of a private portfolio company. RiverGlade has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions for the Funds. In executing transactions, RiverGlade will seek best execution of the transaction. Best execution is a qualitative assessment that takes into account the full range and quality of a broker-dealer or investment banker's services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible commission rates.

Whether for private or public securities transactions, RiverGlade selects a broker-dealer or investment banker based on RiverGlade's judgment regarding a variety of factors, including but not limited to: RiverGlade's prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to the Firm; the broker-dealer or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; the value of any research services provided; and the commission rates, among other factors.

Although RiverGlade generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker can thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services.

However, RiverGlade believes the commissions or mark-ups charged are competitive with those that other broker-dealers or investment bankers charge.

RiverGlade does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive investor referrals in connection with selecting or recommending broker-dealers for the Funds, and does not engage in directed brokerage. In the event RiverGlade were to aggregate the purchase or sale of securities for Fund accounts, it would do so on a pro rata basis.

### **Item 13 – Review of Accounts**

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly RiverGlade's review of them is not directed toward a short-term decision to dispose of securities. RiverGlade closely monitors the portfolio companies of its Funds. It is not uncommon for the relevant investment professionals for an investment to be in regular, as often as weekly, contact with the portfolio company's senior management team. The RiverGlade team of investment professionals review, without limitation, sales trends, margins, profitability, debt covenants, material business and market developments, forecasted capital needs (if any), competitive landscape and management. RiverGlade typically holds board seats for the majority of investments it makes or otherwise acts to influence control of the management of the investments. Moreover, partners of RiverGlade monitor portfolio company performance through regular management meetings, as well as detailed reviews of specific portfolio companies that occur as needed. The investment committee would perform additional reviews in the event that a portfolio company needed subsequent financing, in the event of a potential acquisition or liquidity event, or if there were a serious performance issue.

RiverGlade provides to investors on behalf of Funds and Co-Investment Funds the following written reports: (i) annual audited financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") as promulgated by the Financial Accounting Standards Board ("FASB"), accompanied by the report of the independent certified public accountant, within 120 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents); (ii) unaudited financial statements for the first three quarters of each fiscal year; and (iii) annual tax information necessary for the completion of tax returns (K-1). Investors also receive a quarterly statement of the determination of the value of each investment as of the end of the preceding calendar quarter. The Firm has contact with investors (e.g., personal visits, video conference, telephone and email) throughout the year as requested and/or as conditions warrant.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to RiverGlade's investments and track record. RiverGlade responds to these requests, and in answering such requests, provides information that is not generally made available to other investors who have not requested such information. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations, certain investors receive additional information and reporting that other investors do not receive. As a result, certain investors will have more information

about a Fund than other investors. RiverGlade will ensure that the disclosure of preferential information rights complies with the Private Fund Rule commencing with its effective date in March 2025.

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

As described in Item 5 above, RiverGlade receives supplemental fees and reimbursements from the portfolio companies held by the Funds. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that RiverGlade believes will ultimately enhance the value of the companies and benefit the Funds and their investors.

These types of fee arrangements present potential conflicts of interest and provide RiverGlade with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by RiverGlade or its employees (but not third-party professionals) in connection with services rendered to portfolio companies or transactions of the Funds are offset against Management Fees payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund's Governing Documents.

While raising capital for a new fund, RiverGlade engages a placement agent in connection with the offer and sale of fund interests to certain potential investors. Fees for the placement agent are generally calculated as a percentage of investor commitments raised from specified investors for which placement agent fees are permitted to be paid pursuant to applicable law. Placement agent fees are payable by the Funds and offset dollar-for-dollar against the Management Fee, although related expenses incurred pursuant to the placement agent agreement, including but not limited to placement agent travel, meal and entertainment expenses are borne by the Fund as part of its organizational expenses.

#### **Item 15 – Custody**

RiverGlade is deemed to have custody of the Funds' assets because the General Partners are not operationally independent from RiverGlade: each Fund's General Partner generally has full discretion and control over Fund investments and cash, including the ability to deduct fees from Fund accounts. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), RiverGlade has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board ("PCAOB") for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective investors within 120 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents). In addition, upon the final liquidation of a Fund, RiverGlade will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

RiverGlade does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund's bank account maintained with a qualified custodian. RiverGlade receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about the Funds' qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

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

RiverGlade generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to investors in the Funds individually. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with such Fund. These documents generally contain a power of attorney that grants RiverGlade or the applicable Fund's General Partner certain powers related to the orderly administration of the affairs of the Funds. Once an investor executes these documents, with limited exceptions, such as certain conflicts of interest as discussed elsewhere in this Brochure, RiverGlade is not required to contact an investor prior to transacting business in a Fund.

Generally, RiverGlade's only restrictions with respect to managing a Fund, such as (but not limited to) the type of securities in which a Fund invests, will be contained in the relevant Fund's Governing Documents. However, an investor can seek to impose limitations on RiverGlade's authority through a side letter agreement, and the Firm and/or the relevant General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed on RiverGlade's investment authority with respect to an investor's investment must be presented to RiverGlade and the relevant Fund's General Partner in writing and agreed to by all applicable parties.

To date, no investors have limited the Firm's discretionary authority to provide investment advice.

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

By virtue of the applicable Governing Documents, RiverGlade has the authority to vote proxy statements on behalf of the Funds. However, given the nature of RiverGlade's advisory business, the Funds seldom hold public securities; the majority of "proxies" received by RiverGlade are written shareholder consents or similar instruments for private companies owned by the Funds. Specifically, from time to time, portfolio companies request RiverGlade (usually through the General Partner of the applicable Fund) to consent to certain issues pertaining to the portfolio company's business and requiring equity owner approval. In these cases, RiverGlade considers factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio companies.

RiverGlade has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. RiverGlade's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds with a goal towards maximizing overall value. RiverGlade generally believes its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds. However, in the event that there is a conflict of interest in voting proxies, RiverGlade's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory committee on the proposed proxy vote, or through other alternatives as set forth in RiverGlade's proxy voting policy. Investors in the Funds cannot direct how RiverGlade votes proxies or shareholder consents, nor is RiverGlade required to seek investor approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders.

Firm principals and affiliated or unaffiliated third parties appointed by RiverGlade (including third-party professionals) often sit on the boards of portfolio companies to which RiverGlade provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. RiverGlade does not consider service on portfolio company boards by the aforementioned persons or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

RiverGlade will provide a copy of its proxy voting policy to existing or prospective investors upon request to Mark Pridgeon, Chief Compliance Officer, at (312) 940-6700 or [info@rivergladecapital.com](mailto:info@rivergladecapital.com). Investors can also obtain information from the Firm, free of charge, about how RiverGlade voted any previous public proxies, if any.

## **Item 18 – Financial Information**

RiverGlade does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance; has no financial condition reasonably likely to impair its ability to meet contractual commitments to Funds or investors; and has not been the subject of a bankruptcy proceeding.



## Brochure Supplement

### Form ADV Part 2B: BROCHURE SUPPLEMENT



### **RIVERGLADE CAPITAL MANAGEMENT, L.P.**

One North Wacker Drive, Suite 4000  
Chicago, IL 60606

Contact: Mark Pridgeon  
Tel: (312) 940-6700  
Email: [info@rivergladecapital.com](mailto:info@rivergladecapital.com)  
[www. rivergladecapital.com](http://www.rivergladecapital.com)

**March 28, 2024**

This Brochure Supplement provides information about RiverGlade Capital Management, L.P. (“RiverGlade”) that supplements the RiverGlade Brochure. Please contact us at (312) 940-6700 or [info@rivergladecapital.com](mailto:info@rivergladecapital.com) if you did not receive RiverGlade’s Brochure or if you have any questions about the contents of this supplement.

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

**Garrick Rice**

Year of Birth: 1972

Managing Partner

One North Wacker Drive, Suite 4000

Chicago, IL 60606

(312) 940-6700

**Item 2 - Educational Background and Business Experience**

Garrick Rice has over twenty years of private equity experience. Before co-founding RiverGlade in 2017, Mr. Rice was a Managing Director at Sterling Partners, a private equity firm based in Chicago, focusing on founder-owned healthcare services, education and business services companies. Prior to Sterling Partners, where he worked from 2001 to 2017, Mr. Rice was Director of Business Development for FOB.com, an internet start-up that developed an online vertical purchasing hub connecting chemical and paper industrial companies with key raw material suppliers. Prior to FOB.com, Mr. Rice was an Investment Banking Associate at Robert W. Baird primarily focused on M&A execution assignments within business and industrial services. Prior to Robert W. Baird, Mr. Rice joined the founding team of Einstein Bros. Bagels supporting the CEO and CFO in corporate and operations finance as the company went from an early stage business through its IPO and initial growth phase. Mr. Rice began his career within the leverage lending group at Bank of America in Chicago, working closely with service-based, family-owned growth businesses.

Mr. Rice is a Board of Trustees Member of the Hadley Institute for the Blind and Visually Impaired. He holds a BBA in finance from the University of Michigan's Ross School of Business and an MBA from Northwestern University's Kellogg School of Management.

**Item 3 - Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Rice.

**Item 4 - Other Business Activities**

Mr. Rice serves on the board of directors of several RiverGlade portfolio companies. Mr. Rice's appointment on such boards has been designated to be in the best interests of the Funds and their respective investors. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interests can arise between Mr. Rice's fiduciary duties to the portfolio company on which he serves and his duty to RiverGlade, as there is no guarantee that decisions that are in the portfolio companies' best interests will necessarily be in RiverGlade's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, in the event of a conflict of interest, Mr. Rice intends to recuse himself from the decision-making process.

Mr. Rice is not engaged in any outside business activities which create a conflict of interest with RiverGlade or its Funds.

#### **Item 5 - Additional Compensation**

Mr. Rice does not receive an economic benefit for providing advisory services other than the compensation received by RiverGlade.

#### **Item 6 - Supervision**

For compliance matters, Mr. Rice is supervised by RiverGlade's Chief Compliance Officer, Mark Pridgeon, who can be reached at (312) 940-6700 or [info@rivergladecapital.com](mailto:info@rivergladecapital.com). Mr. Rice is subject to the provisions of the Firm's Compliance Manual and Code of Ethics. For investment matters, the Investment Committee, of which Mr. Rice is a member, is responsible for approving and monitoring all investments.

**Daniel W. Rosenberg**

Year of Birth: 1965

Managing Partner

One North Wacker Drive, Suite 4000

Chicago, IL 60606

(312) 940-6700

**Item 2 - Educational Background and Business Experience**

Daniel Rosenberg has over twenty years of private equity experience. Before co-founding RiverGlade in 2017, Mr. Rosenberg was a Managing Director at Sterling Partners, a private equity firm based in Chicago, focusing on founder-owned healthcare services, education and business services companies. Prior to Sterling Partners, where he worked from 1999 to 2017, Mr. Rosenberg was an Investment Banking Associate at Vector Securities International, where he focused on M&A and equity offerings for a variety of healthcare businesses. Prior to Vector, Mr. Rosenberg was a Vice President at Heitman Financial, an owner and manager of commercial real estate assets.

Mr. Rosenberg is a founding member, former Chairman, and former Board Member of the Illinois Venture Capital Association, the largest regional private equity association in the United States. He holds an AB in Economics and Public Policy from Duke University and an MBA from Northwestern University's Kellogg School of Management.

**Item 3 - Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Rosenberg.

**Item 4 - Other Business Activities**

Mr. Rosenberg serves on the board of directors of several RiverGlade portfolio companies. Mr. Rosenberg's appointment on such boards has been designated to be in the best interests of the Funds and their respective investors. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interests can arise between Mr. Rosenberg's fiduciary duties to the portfolio company on which he serves and his duty to RiverGlade, as there is no guarantee that decisions that are in the portfolio companies' best interests will necessarily be in RiverGlade's best interests. As the Funds will generally be significant shareholders of such companies, it is expected that such interest will generally be aligned; however, in the event of a conflict of interest, Mr. Rosenberg intends to recuse himself from the decision-making process.

Mr. Rosenberg is not engaged in any outside business activities which create a conflict of interest with RiverGlade or its Funds.

#### **Item 5 - Additional Compensation**

Mr. Rosenberg does not receive an economic benefit for providing advisory services other than the compensation received by RiverGlade.

#### **Item 6 - Supervision**

For compliance matters, Mr. Rosenberg is supervised by RiverGlade's Chief Compliance Officer, Mark Pridgeon, who can be reached at (312) 940-6700 or [info@rivergladecapital.com](mailto:info@rivergladecapital.com). Mr. Rosenberg is subject to the provisions of the Firm's Compliance Manual and Code of Ethics. For investment matters, the Investment Committee, of which Mr. Rosenberg is a member, is responsible for approving and monitoring all investments.

**Mark Pridgeon**

Year of Birth: 1975

Chief Compliance Officer and Chief Financial Officer

One North Wacker Drive, Suite 4000

Chicago, IL 60606

(312) 940-6700

**Item 2 - Educational Background and Business Experience**

Mark Pridgeon has over fifteen years of private equity finance and accounting experience, and five years of consulting and public accounting experience. Prior to joining RiverGlade as Chief Financial Officer and Chief Compliance Officer in 2017, Mr. Pridgeon was VP of Finance at GTCR LLC, a private equity firm based in Chicago. During his eleven year tenure at GTCR LLC, Mr. Pridgeon was responsible for maintaining the capital accounts for the funds, general partners and related entities.

Prior to GTCR LLC, Mr. Pridgeon served as a Vice President in the Financial Advisory Services group at AlixPartners, a global business advisory firm. While at AlixPartners, he helped companies conduct forensic accounting investigations, assess corporate solvency, and analyze issues related to fraudulent conveyance. He started his career in auditing with public accounting firm Deloitte & Touche.

Mr. Pridgeon is a CPA and holds a BS in Accounting from Michigan State University and an MBA from Indiana University's Kelley School of Business.

While state laws and regulations vary, for additional information regarding the minimum qualifications generally required to achieve and maintain a CPA designation, please refer to the American Institute of Certified Public Accountants (<https://www.aicpa.org/>).

**Item 3 - Disciplinary Information**

There are no disciplinary events material to an investor's evaluation of Mr. Pridgeon.

**Item 4 - Other Business Activities**

Mr. Pridgeon is not engaged in any outside business activities which create a conflict of interest with RiverGlade or its Funds.

**Item 5 - Additional Compensation**

Mr. Pridgeon does not receive an economic benefit for providing advisory services other than the compensation received by RiverGlade.

## **Item 6 - Supervision**

For compliance matters, Mr. Pridgeon is supervised by RiverGlade's Managing Partner, Daniel Rosenberg, who can be reached at (312) 940-6700 or [drosenberg@rivergladecapital.com](mailto:drosenberg@rivergladecapital.com). Mr. Pridgeon is subject to the provisions of the Firm's Compliance Manual and Code of Ethics.