

**Item 1. Cover Page**

**Form ADV Part 2A  
Firm Brochure (“Brochure”) For:**



**3L Capital Management, LLC**

**March 29, 2024**

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Los Angeles, CA 90024  
Telephone: (424) 208-3379

**<https://3lcap.com/>**

This Brochure provides information about the qualifications and business practices of 3L Capital Management, LLC (“**3L Capital**”). If you have any questions about the contents of this Brochure, please contact us at (424) 208-3379 or [info@3lcap.com](mailto:info@3lcap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

3L Capital is registered as an investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about 3L Capital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2.       Material Changes**

This brochure contains no material changes from 3L Capital's last annual update dated March 31, 2023.

3L Capital encourages each investor or potential investor to read the Brochure carefully and to call us with any questions at the number provided in Item 1 – Cover Page.

3L Capital will ensure that all clients or investors receive a summary of any material changes to this Brochure within 120 days of the end of its fiscal year, along with a copy of this Brochure or an offer to provide the Brochure.

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## Item 4. Advisory Business

### Overview of 3L Capital

3L Capital Management, LLC (“**3L Capital**” or the “**Firm**”) was co-founded by David T. Leyrer and Shawn Colo (collectively the “**3L Founders**”) in 2017 as an investment firm focused on multi-stage growth equity investing across tech-enabled consumer and enterprise businesses. 3L Capital is principally managed by 3L Founders MC, LLC and 3LH 360, LLC, an affiliate of Platinum Equity Advisors, LLC. 3L Capital has several direct and indirect owners that are referenced on its Form ADV Part 1A, Schedule A and B.

3L Capital serves as the investment adviser to pooled investment vehicles, and certain special purpose funds, parallel funds, and/or co-investment vehicles (“**Funds**”). Each Fund is governed by a limited partnership agreement or equivalent organizational document (each, a “**Fund Agreement**”) that specifies the specific investment guidelines and investment restrictions applicable to the Fund. Affiliates of 3L Capital serve as the General Partners of the Funds (the “**General Partners**”). Each of the General Partners is a related person of 3L Capital and is under common control with 3L Capital. Please refer to Item 10 for additional information about the General Partners.

Investors in each Fund are provided with offering documents or equivalent disclosure documents prior to their investment. 3L Capital, together with the General Partners, provide investment management and administrative services to the Funds in accordance with the applicable Fund Agreements. Each General Partner retains management authority over the business and affairs, including investment decisions, of the relevant Funds.

### Description of Advisory Services

3L Capital has broad and flexible investment authority with respect to the Funds.

3L Capital currently makes investments in venture capital and growth equity investments, principally in expansion stage tech-enabled consumer and enterprise companies (“**Portfolio Companies**”). 3L Capital’s objective is to identify venture capital and equity growth opportunities between Series A and late stage/buyout companies that have the potential to realize long term capital appreciation.

The only advisory clients of 3L Capital are the Funds. 3L Capital’s Funds invest primarily in equity and equity related securities issued by venture capital and growth stage operating companies. In addition, 3L Capital may invest a portion of each Fund’s assets in other investment transactions that it deems appropriate, pursuant to the applicable Fund Agreement. Certain Fund Agreements allow for the participation in certain secondary transactions.

### Client Tailored Services and Client Imposed Restrictions

The Limited Partners or investors in the Funds (“**Limited Partners**”) have no opportunity to select or evaluate any Fund investments or strategies. 3L Capital has complete discretion to manage the investment program of each Fund, subject to the investment guidelines and restrictions set forth in the applicable Fund Agreements. Investment advice is provided directly to the Funds and not

individually to the Limited Partners of the Funds. 3L Capital does not tailor its advisory services to the individual needs of Limited Partners in the Funds.

The Limited Partners in each Fund are able to negotiate the terms of the applicable Fund Agreement in connection with their investments in such Fund. In certain cases, the General Partners may, and have, entered into Side Letter agreements with certain investors in the Funds (“**Side Letters**”) establishing rights under, or supplementing or altering the terms of, the applicable Fund Agreement. Such Side Letters cover many different topics, including without limitation: “most favored nation” rights; modified notice or reporting requirements; compliance with certain Employee Retirement Income Security Act of 1974 (“**ERISA**”) requirements; minimum insurance coverage; confidentiality; co-investment opportunities; transfers; the right to receive certain special allocations; and certain other matters relating to an investment in the Fund(s). 3L Capital tracks all Side Letters that have been entered into with respect to each Fund to ensure that no investors are disadvantaged by the triggering of one or more provisions of a Side Letter. Once invested in a Fund, Limited Partners generally cannot impose additional investment guidelines or restrictions on such Fund.

#### Wrap Fee Programs

3L Capital does not participate in any wrap fee programs.

#### Regulatory Assets Under Management

As of December 31, 2023, 3L Capital manages regulatory assets under management (as defined by the SEC) of \$810,166,200 on a discretionary basis. 3L Capital does not manage any assets on a non-discretionary basis.

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

3L Capital's compensation varies between the Funds. 3L Capital typically charges each Fund a Management Fee as described below. In addition, the General Partner of each Fund typically receives a percentage of net profits distributed to Limited Partners of a Fund in the form of Carried Interest. The Funds will bear the cost of other expenses as 3L Capital carries out the management and administration of its advisory business.

Relationships between 3L Capital and each Fund are terminable upon the expiration of the Fund's term or dissolution. Limited Partners generally may not withdraw from a Fund until the Fund liquidates its underlying investments, but in some cases, a Limited Partner may be permitted to withdraw from the Fund as outlined in the applicable Fund Agreement.

In all cases, expenses, Management Fees and the Carried Interest allocation through the date of termination of a Fund are borne by Limited Partners.

### Management Fees

The annual "**Management Fee**," payable to 3L Capital by a Fund, typically ranges between 1.5%-2.0%, based on the capital commitments of a respective Fund's Limited Partners. The Management Fee is calculated and payable as of the first day of each fiscal quarter, subject to various other offsets or reductions as outlined in the applicable Fund Agreement. The General Partner may, in its sole discretion, waive or reduce the Management Fee with respect to any Limited Partner.

### Carried Interest

The General Partner is typically allocated between 10%-25% of the Fund's net profits, upon liquidation of the Fund, and subject to whether the Fund meets its Performance Target as outlined in the applicable Fund Agreement, in the form of "**Carried Interest**".

In connection with a Fund's dissolution and liquidation, if the Carried Interest distributions to the General Partner (excluding certain tax distributions) exceed the cumulative Carried Interest distributions that should have been made to the General Partner, the General Partner will return the excess distributions to the Fund's Limited Partners.

3L Capital complies with Rule 205-3 under the Advisers Act. It should be noted that Carried Interest may create an incentive for 3L Capital to cause the Funds to make more risky and speculative investments than it would otherwise cause the Funds to make as discussed in Item 6 below. 3L Capital (or the General Partner of each Fund) deducts Management Fees and receives distributions of the Carried Interest directly from the Funds.

3L Capital believes that its advisory fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

### Other Fund Expenses

3L Capital shall bear all normal operating expenses incurred in connection with the management of the Funds. Such normal operating expenses shall include expenditures on account of salaries, wages and benefit related expenses of employees of the 3L Capital, rentals payable for space used by 3L Capital, its affiliates, the Fund or a feeder entity, utilities, office supplies and equipment.

The Funds shall bear all fees, costs, expenses, liabilities and obligations relating to the relevant Fund and/or its subsidiaries' activities, investments and business (to the extent not borne or reimbursed by a Portfolio Company), including, without limitation, all fees, costs, expenses, liabilities and obligations attributable to the sourcing, investigation, due diligence, structuring, organizing, acquiring, purchase, managing, monitoring, operating, holding (including expenses of tracking facilities), taking public or private, valuing, winding up, exchanging, liquidating or dissolving and disposing of the Fund's investments (whether or not ultimately consummated), including, without limitation, private placement fees, finder's fees, financing, commitment, origination or similar fees, interest on and fees and expenses arising out of borrowed money, real property or personal property taxes on investments, including documentary, recording, stamp and transfer taxes, brokerage fees or commissions or other similar charges (including any merger fees payable to third parties), travel and entertainment expenses, legal fees and expenses, expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Fund, including claims by or against a governmental authority, audit, appraisal, valuation and accounting fees and expenses, fees and expenses related to consulting, advisory or professional services (including, without limitation, consulting, retainer or other fees paid to, and any expenses of, any person whose relationship with the 3L Capital or an affiliate as a "venture partner," "entrepreneur in residence," "executive in residence," "contractor," "consultant" or "adviser"), taxes applicable to the relevant Fund on account of its operations, fees incurred in connection with the maintenance of bank or custodian accounts, all expenses incurred in connection with the registration of the Fund's securities under applicable securities laws or regulations, any sales or other taxes, fees or government charges that may be assessed against the Fund, the cost of liability and other premiums for insurance protecting the Fund, the General Partner, the members of the General Partner, 3L Capital, the members of 3L Capital, the members of the advisory committee, the members of any board of strategic advisors and any of their respective partners, members, shareholders, managers, managing directors, officers, directors, trustees, employees, consultants, agents or affiliates in connection with the activities of the Fund or the loss of a managing director, broken deal expenses, fees and expenses associated with Fund communications with Limited Partners, including preparation and distribution of financial statements and annual or other reports to the Limited Partners, expenses associated with preparation, filing and distribution of tax returns, tax estimates and Schedules K-1 or any other administrative, regulatory or other Fund related reporting or filing, including any filings, notifications, reports or other regulatory requirements contemplated by or arising under the European Union's Alternative Investment Fund Managers Directive or any other similar law, rule or regulation (including any implementing law, rule or regulation relating thereto), all expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities, including the General Partner and 3L Capital, costs associated with Fund meetings or advisory committee matters, expenses of the members of any advisory committee (including travel related costs and expenses), fees and

expenses of any member of any board of strategic advisors (including travel related costs and expenses), all legal, accounting, audit, appraisal, valuation, consulting, advisory, bookkeeping, recordkeeping or professional services fees and expenses relating to the Fund and its activities, fees and expenses relating to outsourced finance, reporting, administration, accounting and back office services, fees and expenses relating to the regulatory compliance of 3L Capital and its affiliates, fees and expenses related to attending industry conferences, all expenses incurred by a Fund representative, all fees and expenses incurred in connection with the maintenance of a registered agent and office in the State of Delaware, all fees, costs and expenses relating to litigation and threatened litigation involving the Fund, including the Fund's indemnification obligation pursuant to applicable Fund Agreement, liquidation expenses of the Fund (including, without limitation, legal and accounting fees and expenses), all expenses that are not normal operating expenses and all other expenses properly chargeable to the activities of the Funds. The Funds shall also bear any expenses of any feeder entity analogous to those classes of expenses delineated above with respect to the Funds.

#### Broken Deal and Co-Investment Expenses

The Funds and any parallel funds shall bear all of the broken deal expenses (in proportion to relative capital commitments) with respect to a prospective investment, in respect to which a co-investment opportunity was anticipated—irrespective of whether any actual or potential co-investment entities that may invest in any such prospective investment exist or whether a determination had been made as to the identity of any actual or potential co-investors or the amount of the anticipated co-investment opportunity prior to the time that it was determined that the prospective investment would not be consummated by the applicable Fund. For the avoidance of doubt, any such actual or potential co-investment entities will not bear any broken deal expenses, which will be paid by the applicable Fund and any parallel Funds on behalf of such co-investment partnerships or entities (regardless of whether such co-investment entities exist or have been identified).

#### Management Fee Waiver or Reduction

3L Capital (or a relevant affiliate) reduces Management Fees described in Item 5 through offsets for excess organizational expenses and placement agent fees incurred by the Funds. All reductions are outlined in the applicable Fund Agreement for 3L Capital Funds.

If 3L Capital, its employees or members, the General Partners or certain other affiliates outlined in the applicable Fund Agreement receive consulting, advisory, directors', investment banking, monitoring, transaction, closing or break-up fees from a Portfolio Company, then a portion of such fees reduce Management Fees paid by the Limited Partners in such 3L Capital Fund pursuant to a formula set forth in the applicable Fund Agreement and as disclosed above in "Fees and Compensation". (Item 5). Any such fees received by any person whose relationship with the General Partners or 3L Capital is a "venture partner," "principal," "entrepreneur in residence," "executive in residence," "contractor," "consultant" or "adviser" and any arm's-length compensation received by 3L Capital, its employees or members, the General Partners or certain other affiliates outlined in the applicable Fund Agreement from any Portfolio Company in connection with bona fide employment or consulting services provided to such Portfolio Company by any such person do not reduce Management Fees payable to 3L Capital.



*It is critical that investors refer to the relevant confidential offering documents and Fund Agreements for a complete understanding of expenses. The information contained herein is a summary only and is qualified in its entirety by such documents.*

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

As described in Item 5 above, the General Partners are entitled to receive performance-based compensation in the form of Carried Interest. The fact that the General Partners receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for 3L Capital or the General Partners to make investments on behalf of the Funds that are riskier or more speculative than would otherwise be the case in the absence of such performance-based compensation arrangements. 3L Capital manages this conflict of interest by ensuring that no single person makes investment decisions for the Funds, rather, that the investment decisions are voted and made within the Firm's team of investment professionals and those authorized to carry out the investments of the Funds ("**Investment Committee**").

Additionally, certain of the Funds have formed Limited Partner advisory committees (or "**Advisory Committees**") that consist of representatives of the Limited Partners appointed by the General Partners. No member of the Advisory Committee can be an affiliate of the General Partner or an affiliated person. The Advisory Committee will address conflicts of interest and ensure that the investments are in accordance with the relevant offering materials and other Fund Agreements. Limited Partners are provided with clear disclosure in the relevant Fund Agreements and related offering documents as to how performance-based compensation is charged with respect to a particular Fund, and the risks associated with such performance-based compensation, prior to making an investment.

**Item 7.           Types of Clients**

3L Capital provides discretionary investment advice to the Funds, as described in Item 4 above. Our Limited Partners may include, without limitation:

- Family Offices;
- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Corporations, limited liability companies and/or other business types; and
- Private Pooled Investment Vehicles.

In general, the minimum initial investment amount is \$1,000,000, subject to waiver by the General Partner in its sole and absolute discretion. Interests in the Funds are sold only to Limited Partners who meet qualification requirements under applicable securities laws and regulations.

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

### **Investment Strategy and Analysis**

3L Capital is pursuing a multi-stage growth equity investment strategy with a focus on businesses characterized by recurring or high frequency revenue models, demonstrated unit economics, and strong management teams. 3L Capital typically sources investments through research driven thematic outreach as well as referrals from 3L Capital's extensive network of private and public investors, founders, entrepreneurs, and industry executives. 3L Capital typically targets investments that have revenues between \$5-\$50 million, though has the ability to pursue investments outside those revenue ranges. 3L Capital will seek to enhance returns through investing in Portfolio Companies where 3L Capital has an information edge, experience with the business model, and strong founder/CEO relationship.

3L Capital invests primarily in tech-enabled consumer and enterprise businesses within the following sectors: commerce, travel and hospitality, logistics/local delivery, healthcare, and enterprise solutions. 3L Capital invests in both purely digital businesses as well as Portfolio Companies that combine the digital and physical worlds.

3L Capital will primarily focus on Portfolio Companies based in North America, but will opportunistically invest globally following successful thematic sourcing in North America.

### **Risk of Loss**

Prospective Limited Partners should be aware that an investment in a 3L Capital managed Fund involves a high degree of risk and, therefore, should be undertaken only by Limited Partners capable of evaluating and bearing the risks it represents. There can be no assurance that 3L Capital's investment objectives will be achieved, or that a Limited Partner will receive a return of its capital, and therefore, a Limited Partner should only invest in a Fund if such Limited Partner is able to withstand a total loss of their investment. The following considerations, among others, should be carefully evaluated before making an investment in a 3L Capital managed Fund. The following risks do not purport to be a complete explanation of all of the risks involved in investing in 3L Capital Funds.

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

Early stage and development stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical

personnel. In addition, such companies may require substantial amounts of financing that may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

**Investments in Growth Stage Companies.** Funds will invest in small and medium sized companies that are seeking to grow substantially in the near term. While such investments may present opportunities for growth, they also may entail risks that may or may not be customarily associated with investments in large companies. Small and medium sized companies may have more limited product lines, markets and financial resources, may have higher customer concentration and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller private companies, which may make realizations of gains more difficult due to the requirement to sell to other private investors. In addition, the relative illiquidity of such investments generally, and the somewhat greater illiquidity of private investments in small and medium sized companies in particular, could make it difficult for the Funds to react quickly to negative economic or political developments.

The Fund expects to invest in “early stage” Portfolio Companies, which may require multiple rounds of financing on terms that are less favorable to early investors and more favorable to subsequent investors, and a Portfolio Company may not be able to obtain any financing on terms acceptable to a Portfolio Company or the Fund.

Many of the Fund’s Portfolio Companies, especially those in a development phase, may be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular Portfolio Company. Each round of financing (whether from the Fund or other investors) is typically intended to provide a Portfolio Company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a Portfolio Company may have to raise additional capital at a price unfavorable to the existing investors, including the Fund. In addition, the Fund may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in a Portfolio Company in order to preserve the Fund’s proportionate ownership when a subsequent financing is planned, or to protect the Fund’s investment when such Portfolio Company’s performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Fund or any Portfolio Company. If additional capital is needed by a Portfolio Company, it may not be available on reasonable terms, or at all.

**No Assurance of Returns.** There can be no assurance that the Limited Partners will receive distributions from the Funds in an amount equal to their investment in the Funds. The timing of profit realization, if any, is highly uncertain.

**Reliance on the General Partner.** The General Partner will have sole discretion over the investment of the capital committed to a Fund as well as the ultimate realization of any profits. The Limited Partners will not receive the detailed financial information issued by Portfolio Companies that will be available to the Funds. Accordingly, the Limited Partners will not have the opportunity to evaluate the relevant economic, financial and other information that will be utilized by the General Partner in its selection of investments. As such, the pool of capital in the Funds represent a blind pool of assets. Limited Partners in the Funds will be relying on the General Partner to identify, structure and implement investments consistent with a Fund's investment objectives and policies and to conduct the business of the Funds as contemplated by the applicable Fund Agreement. The Limited Partners will not make decisions with respect to the management, disposition or other realization of any investment made by a Funds, or other decisions regarding a Fund's business and affairs.

**Focused Investment Strategy.** The Funds will be focused on investments in expansion stage tech-enabled consumer and enterprise companies and may not enjoy the reduced risks of a broadly diversified portfolio. A specific investment focus is inherently more risky and could cause the Funds' investments to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences compared with a fund, or a portfolio of funds, that is more diversified or has a broader industry focus.

**Difficulty of Valuing Portfolio Investments.** Generally, there will be no readily available market for a substantial number of the Fund's investments and, as a result, most of a Fund's investments will be difficult to value. Despite the General Partner's efforts to acquire sufficient information to monitor certain of a Fund's investments and make well informed valuation and pricing determinations, the General Partner may only be able to obtain limited information at certain times. It is possible that the General Partner may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of a Fund's investments. The General Partner may have to make valuation determinations without the benefit of an adequate amount of relevant information. Prospective Limited Partners should be aware that as a result of these difficulties, as well as other uncertainties, any valuation made by the General Partner may not represent the fair market value of the securities acquired by a Fund.

**Minority Investments.** A significant portion of the Funds' investments may represent minority stakes in privately held companies. In addition, during the process of exiting investments, the Funds are likely to hold minority equity stakes if Portfolio Companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Funds also invest in companies for which they do not possess the right to appoint a director or otherwise exert significant influence. In such cases, the Funds will be reliant on the existing management and boards of directors of such companies, which may include representatives of other financial investors with whom a Fund is not affiliated and whose interests may conflict with the interests of a Fund. Additionally, the Funds may have limited ability to

protect its position in such Portfolio Companies.

Although it is expected that appropriate rights will generally be sought to protect a Fund's interests, to the extent possible, there can be no assurance that such minority shareholder rights will be available. The General Partner expects to make investments in companies that have incurred or are permitted to incur indebtedness, or that may issue equity securities that rank senior to a Fund's investment. By their terms, such instruments may provide that their holders are entitled to receive payments of dividends, interest or principal on or before the dates on which payments are to be made in respect of a Fund's investment. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a company in which an investment is made, creditors or holders of securities ranking senior to a Fund's investment in such Portfolio Company typically would be entitled to receive payment in full before distributions could be made in respect of a Fund's investments. After repaying creditors and senior security holders, a Portfolio Company's remaining assets may not be sufficient for repayment of amounts owed in respect of a Fund's investment. To the extent that any assets remain, holders of claims that rank equally with a Fund's investment would be entitled to share on an equal and ratable basis in distributions that are made out of those assets.

**Need for Follow On Investments.** The Funds may be called upon to provide follow on funding to its Portfolio Companies or may have the opportunity to increase its investment in a Portfolio Company. Although the General Partner may use capital commitments to make follow-on investments, there is no assurance that the Funds and their co-investors will wish to make such follow on investments or that the Funds and their co-investors will have sufficient capital to do so. Accordingly, third party sources of financing may be required, but there is no assurance that such additional sources of financing will be available, or, if available, will be on terms favorable to the Funds. The Funds' decision not to make a follow on investment or its inability to do so may have an adverse impact on such Portfolio Company in need of such an investment, or may diminish a Fund's proportionate ownership in such Portfolio Company and thus its ability to influence such Portfolio Company's future development, and it could have a significant negative impact on a Fund's investment therein.

**Foreign Investments.** The Funds have the ability to invest in companies that are based outside of the United States or the operations of which are primarily outside of the United States. Any investment in a foreign country involves risks not found in the domestic securities market, including the following: the risk of economic and financial instability in the foreign country, which in some cases may include a collapse in credit markets, stock prices, currencies and/or consumer spending; the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war; the risk that the foreign country may impose restrictions on the repatriation of investment income or capital or on the ability of foreign persons to invest in certain types of companies, assets or securities; risks related to the possible lack of availability of sufficient financial information as a result of accounting, auditing and financial disclosure standards that differ, in some cases significantly, from those in the United States; risks related to foreign laws and legal systems, which are likely to differ from those of the United States, including in particular the laws with respect to the rights of investors which may not be as comprehensive or well developed as those in the United States and the procedures for the judicial or other enforcement of such rights which may not be as effective as

in the United States; risks related to the fact that some investments or Portfolio Company operations may be denominated in foreign currencies and, therefore, will be subject to fluctuations in exchange rates; and risks related to applicable tax laws and regulations and tax treaties, which are likely to vary from country to country and may be less well developed than those in the United States, possibly resulting in retroactive taxation so that the Funds could become subject to an unanticipated local tax liability. The profits or losses of the Funds on any investment, as measured in United States dollars, will be affected by fluctuations in currency exchange rates and exchange control regulations as well as by the success of the investment itself. In addition, the Funds may incur costs in connection with conversions between various currencies. The Funds do not presently intend to seek to reduce currency risks through “hedging” or other methods.

**Bridge Financing.** The Funds may lend to Portfolio Companies on a short term, unsecured basis in anticipation of a future issuance of equity or long term debt. Such bridge loans would typically be convertible into a more permanent, long term security; however, for reasons not always in the Funds’ control, such long term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

**Line of Credit.** Certain Funds are parties to one or more subscription-based credit facilities to allow borrowings by the Funds. Such facilities will generally be secured by the Funds’ investors’ capital commitments as well as by the Funds’ cash, subject to certain limitations, and the terms of such facilities may provide that during the continuance of a default under such facilities, the interests and distributions of the Funds’ investors may be subordinated to such facilities. Subject to the limitations in the governing documents of a Fund, investors may be required to execute an investor acknowledgement for the benefit of the lenders under the subscription credit facility and may be required to acknowledge their obligations to pay their share of indebtedness up to their remaining commitment. Subject to the limitations in the governing documents of a Fund, the use of a subscription-based credit facility by such Fund is within the applicable General Partner’s discretion. The intention of the General Partner is that such borrowings will be short-term in nature and will be repaid on a regular basis.

**Limitations on Ability to Exit Investments.** The General Partner expects to exit from its investments in three principal ways: (a) private sales (including acquisitions of its Portfolio Companies), (b) recapitalizations; and (c) initial and secondary public offerings. At any particular time, one or more of these avenues may not be open to a Fund, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

**Third Party Involvement.** Certain of the Funds are authorized to co-invest with third parties through partnerships, joint ventures or other structures. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, might become bankrupt or may be in a position to take action contrary to the investment objectives of a Fund. In addition, a Fund may in certain circumstances be liable for actions of its third party co-venturer or partner.



**Absence of Liquidity in Public Markets.** The Funds' investments will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Funds and no readily available liquidity mechanism at any particular time for any of the investments held by the Funds. In addition, the realization of value from any investments will not be possible or known with any certainty until the General Partner elects, in its sole discretion, to sell the Funds' investments and subsequently distribute the proceeds to the Funds or to distribute securities to the Funds in lieu of cash.

**Broken Deal Costs.** The Funds and any parallel funds will incur costs and expenses associated with potential investments that are not consummated, including, without limitation, certain costs and expenses incurred by the General Partner, 3L Capital or their respective affiliates on behalf of a Fund and any such parallel funds prior to the date hereof. If any such deals were consummated, the Funds and the parallel funds may have invested alongside third parties, including, without limitation, any actual or potential co-investment partnerships or entities sponsored by the General Partner or its affiliates. For the avoidance of doubt, any costs incurred by the Funds and any parallel funds in connection with unconsummated investments will be borne solely by the Funds and such parallel funds in proportion to their relative commitments, and will not be shared by any such third parties, including, without limitation, any actual or potential co-investment partnerships or entities sponsored by the General Partner or its affiliates (for the avoidance of doubt, regardless of whether such co-investment partnerships or entities exist or have been identified). Limited Partners should note that investors in such co-investment partnerships or entities may be comprised entirely (or almost entirely) of affiliates of the General Partner and 3L Capital, and the fact that such co-investment partnerships or entities will not bear any broken deal expenses may pose a conflict of interest to the Funds and/or the Limited Partners.

**Certain Limitations on Ability of Limited Partners to Transfer Their Interests in the Partnership.** The transferability of interests in a Fund will be restricted by the applicable Fund Agreement and by United States federal and state securities laws and federal tax laws. In general, Limited Partners will not be able to sell or transfer their Interests to third parties without the General Partner's consent.

**Cybersecurity Risk.** External cybersecurity breaches, including unauthorized access to systems, networks or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality, may occur. In addition, internal incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a Fund, the General Partner, 3L Capital or other service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

**Co-Investment Opportunities.** The General Partner may, in its discretion, offer co-investment opportunities to certain Limited Partners and to certain third parties (on terms determined by the General Partner) and, to the extent such co-investment opportunities are offered, they may present

inherent conflicts of interest between the interests of a Fund and the co-investors. These types of co-investments also may result in conflicts regarding decisions relating to a specific Portfolio Company, including with respect to timing or strategic objectives.

The General Partner currently expects to offer co-investment opportunities to Limited Partners or third party investors when the size of a prospective Portfolio Company for the Fund is greater than the maximum amount appropriate for the Fund, as determined by the General Partner in its sole discretion. In determining allocations of co-investment opportunities, the General Partner may take into account any facts or circumstances it deems appropriate in its sole discretion, including, without limitation: (a) the size of the prospective co-investor's investment in a Fund and any other funds advised or managed by 3L Capital or an affiliate thereof, if any; (b) the prospective co-investor's provision of services to the Fund; (c) the prospective co-investor's potential benefit to the Funds' activities or to one or more of its investments; (d) whether and to what extent the prospective co-investor has expressed an interest in co-investment opportunities; (e) the General Partner's evaluation of the financial resources, sophistication, experience and expertise of the potential co-investor with respect to the execution of co-investment transactions generally, and with respect to the geographic location or business activities of the applicable investment; (f) perception of past experiences and relationships with each prospective co-investor; (g) whether or not such person has co-invested previously and the ability of any such co-investor to respond promptly and appropriately to potential investment opportunities; (h) perception of the legal, regulatory, reporting, public relations, competitive, confidentiality or other issues that may arise with respect to any prospective co-investor; and (i) any strategic value or other benefit resulting from offering such co-investment opportunity to a prospective co-investor.

The General Partner may grant certain Limited Partners priority rights to participate in co-investment opportunities. The existence of such priority co-investment rights may result in other Limited Partners receiving fewer or no co-investment opportunities. In addition, any allocations of co-investment opportunities as between Limited Partners may not correspond to their pro rata interests in a Fund.

The terms of an investment made by investors in any co-investment partnerships or entities sponsored by a General Partner or an affiliate thereof can differ from the terms on which the Limited Partners invest in the Funds in that such investors in any such co-investment partnerships or entities will not be charged the Management Fee or Carried Interest payable by a Fund. 3L Capital is authorized to charge Management Fees and/or Carried Interest in connection with co-investment opportunities offered to Limited Partners or third parties, and neither the applicable Fund nor the Limited Partners will be entitled to any portion of such amounts. In addition, none of the co-investors, the Fund or the Limited Partners will be entitled to receive any portion of any consulting, advisory, directors', investment banking, monitoring, transaction, closing or break-up fees received by the General Partner, or 3L Capital and its personnel, net of expenses, from any Portfolio Company of the applicable Fund attributable to any co-investment, and the Management Fee will not be offset by such amounts. Distributions of income and proceeds related to each co-investment will be made separately from, and not aggregated with, distributions of income and proceeds related to the corresponding investment by a Fund.

Co-investments may result in conflicts between the Funds and other co-investors (for example,

over the price and other terms of such investment, exit strategies and related matters, including the exercise of remedies of their respective investments). Furthermore, to the extent that a Fund holds interests that are different (or more senior) than those held by such other co-investors, the General Partner may be presented with decisions involving circumstances where the interests of such co-investors are in conflict with those of a Fund. Co-investors may not bear their proportionate share of investment related expenses because such co-investors may not be identified and/or may not agree to invest until relatively late in the investment process, or for other reasons.

**Force Majeure.** Portfolio Companies may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a 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. These risks could, among other effects, adversely impact the cash flows available from a Portfolio Company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a Portfolio Company or a Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a Portfolio Company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds would invest. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more Portfolio Companies or its assets, could result in a loss to the Funds, including if the investment in such Portfolio Companies is canceled, unwound or acquired (which could be without adequate compensation).

**Warrants and Rights.** Warrants and rights are types of securities that give a holder a right to purchase shares of common stock. Warrants are options to buy from the issuer a stated number of shares of common stock at a specified price, usually higher than the market price at the time of issuance, until a stated expiration date. Rights represent a privilege offered to holders of record of issued securities to subscribe (usually on a pro rata basis) for additional securities of the same class, of a different class or of a different issuer, usually at a price below the initial offering price of the common stock and before the common stock is offered to the general public. The holders of warrants and rights have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer. Warrants and rights may be transferable. The value of a warrant or right may not necessarily change with the value of the underlying securities. The risk of investing in a warrant or a right is that the warrant or the right may expire before the market value of the common stock exceeds the price specified by the warrant or the right. If not exercised before their stated expiration date, warrants and rights cease to have value and may result in a total loss of the money invested.

**Failure of Counterparties to Perform Obligations.** In its ordinary course of business, the Firm relies on various counterparties, which include, but is not limited to, brokers, dealers, banks,

custodians, and administrators (“Counterparties”). These Counterparties, with which the Firm does business and on behalf of a Fund, may, from time to time, default on their obligations with or without notice. Such defaults include, but are not limited to, a Counterparty’s bankruptcy, insolvency, or other failure. A Counterparty’s default on their obligations may impact the Firm’s or the Fund’s ability to conduct its business in the ordinary course. There is a risk of loss of assets on deposit at the Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organization stepped in to make depositors whole over their excess deposits at select Counterparties, which may or may not have a current or prior relationship with the Firm or the Fund, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable. In the event of a Counterparty’s default, the Firm will work diligently to access its capital and take actions it deems appropriate while acting in the best interest of the Fund. However, the Firm’s access to capital is subject to a variety of external factors that are outside of the Firm’s control, including the timing of default, a government agency’s or other organization’s actions, including the timing of the Counterparty’s closure, ability to liquidate the Counterparty’s assets, or to effect the Counterparty’s sale or dissolution, unforeseeable economic factors or market conditions, and the Counterparty’s technology infrastructure operating as intended to facilitate access. Furthermore, the Firm’s ability to access capital may have an impact on the Firm’s and the Fund’s ability to conduct operations in the normal course including, but not limited to paying expenses, funding investment opportunities resulting in delayed or missed opportunities, and calling capital from or making distributions to limited partners. Deposits concentrated at one or a limited number of Counterparties may amplify these risks.

***The above is only a brief summary of some of the important risks that a Limited Partner may encounter. Before deciding to invest in a Fund that 3L Capital manages, prospective Limited Partners should consider carefully all of the risk factors and other information in the applicable Fund Agreement or equivalent disclosure documents.***

**Item 9.           Disciplinary Information**

Neither 3L Capital nor any of its management persons have been involved in any legal or disciplinary events that would be material to a Limited Partner's evaluation of 3L Capital or the integrity of its management.

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

3L Capital organizes and sponsors the Funds, which are private investment companies controlled by the General Partners. 3L Capital or the General Partners will be responsible for all decisions regarding investment transactions of the Funds and have full discretion over the management of the Funds' investment activities. While the General Partners are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the General Partners are subject to the supervision and control of 3L Capital. Thus, the General Partners and the persons acting on their behalf would be "persons associated with" 3L Capital so that the SEC could enforce the requirements of the Advisers Act and 3L Capital's compliance policies and procedures on the General Partners.

Neither 3L Capital 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 3L Capital 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 entities.

Certain of 3L Capital's owners and managers are affiliates or employees of Platinum Equity Advisors, LLC ("**Platinum**"), a separately registered and operated investment adviser and related person reported on 3L Capital's Form ADV 1A. 3LH 360, LLC, an affiliate of Platinum holds a 50% ownership interest in 3L Capital, as well as a 50% direct or indirect ownership interest in the General Partners to 3L Capital Funds. This ownership structure is further described in 3L Capital's Form ADV 1A, Schedule A. Further, employees of Platinum or its affiliates participate in 3L Capital's advisory business, and depending on the Fund, are entitled to a portion of the Management Fee and Carried Interest allocation as described in Item 5. Finally (and separate from the ownership and advisory roles mentioned above), employees of Platinum or its affiliates also participate on the Investment Committee for the Funds. Such factors present the potential for conflicts of interest whereby the interests of Platinum, its affiliates or employees may run counter to those of the Funds. 3L Capital believes such conflicts will be mitigated due to the following: (1) 3L Capital expects limited overlap, if any, in investment opportunities presented to the Investment Committee with that of Platinum or Platinum affiliates; (2) to the extent there is any overlap, the 3L Founders maintain majority control of 3L Capital's Investment Committee's decisions to ensure investments for the Funds are prioritized above any competing interests from Platinum or Platinum affiliates; (3) 3L Capital personnel not affiliated with Platinum will allocate such time and attention as deemed appropriate and necessary to carry out the operations of the Funds effectively; and (4) 3L Capital and Platinum maintain separate compliance policies and procedures that are intended to mitigate the impact of such conflicts, if they arise.

3L Capital and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any Management Fees payable to the Funds nor will otherwise be shared with the Funds, Limited Partners and/or Portfolio Companies. For example, airline travel

or hotel stays incurred as Fund or account expenses typically result in cash rebates, “miles,” “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to 3L Capital and/or such personnel (and not the Funds, Limited Partners and/or Portfolio Companies) even though the cost of the underlying service is borne by the Funds, Limited Partners and/or Portfolio Companies.

3L Capital does not recommend or select other investment advisers for compensation.

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

3L Capital has adopted a Code of Ethics in compliance with Rule 204A-1 under the Advisers Act, which establishes standards of conduct for 3L Capital's "**Access Persons**" (as defined by the Code of Ethics). Further, the 3L Capital Code of Ethics includes general requirements that 3L Capital's Access Persons comply with their fiduciary obligations to clients and applicable securities laws.

3L Capital's Code of Ethics contains provisions designed to: (i) prevent improper personal trading by Access Persons; (ii) prevent improper use of material, nonpublic information about securities recommendations made by 3L Capital or securities holdings of the Funds; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in a way that minimizes the actual or potential conflict between the various parties.

3L Capital's Code of Ethics requires Access Persons to obtain prior approval from the Chief Compliance Officer before participating in initial public offerings and private placement transactions in a personal account. In addition, 3L Capital maintains a "**Restricted List**" of companies about which a determination has been made that it is prudent to restrict trading activity (e.g., companies about which 3L Capital or an Access Person may have acquired material, nonpublic information). Access Persons are required to obtain preclearance for all personal transactions in companies on 3L Capital's Restricted List. The Code of Ethics also requires Access Persons to report any violations of the Code of Ethics promptly to the Chief Compliance Officer for resolution. Each Access Person of 3L Capital receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each Access Person must certify that he or she complied with the Code of Ethics during the preceding year. Limited Partners and prospective Limited Partners may obtain a copy of 3L Capital's Code of Ethics by contacting the Chief Compliance Officer with the information noted in Item 1.

Under 3L Capital's Code of Ethics, an Access Person must bring to 3L Capital any private investment opportunity of which the Access Person becomes aware that relates in any way to the business and investment strategies and activities of the Funds. 3L Capital, on behalf of the Funds, will have the right of first refusal with respect to any such investment opportunities. Thus, an Access Person may not invest, or offer any individual or entity other than the Funds a chance to invest, in such investment opportunities without written permission from 3L Capital and unless the applicable Fund first expressly declines its right to invest in these opportunities.

Because 3L Capital manages more than one Fund, there may be conflicts of interest over the time devoted to managing any one Fund and allocating investment opportunities among all Funds that it manages. For example, 3L Capital selects investments for each Fund based solely on investment considerations for that Fund. It is foreseeable that certain Funds could have differing investment focuses. 3L Capital attempts to resolve all such conflicts in a manner that is generally fair to all the Funds. 3L Capital may take action on behalf of any of the Funds that differs from the timing or nature of action that it takes on behalf of any other Fund so long as it is 3L Capital's policy, to the extent practicable, to allocate investment opportunities to the Funds fairly and equitably over time. If 3L Capital forms more than one Fund to co-invest together, 3L Capital allocates



appropriate investment opportunities among those Funds in proportion to their committed capital, subject to exceptions that are permitted by their Fund Agreements, such as for regulatory or tax reasons. 3L Capital is not obligated to acquire any security on behalf of a Fund if 3L Capital determines it is not practical or in the best interest of the respective Fund.

## **Item 12. Brokerage Practices**

3L Capital focuses on making investments in private securities, specifically private venture capital and growth equity companies. Accordingly, 3L Capital does not ordinarily deal with any financial intermediary such as a broker dealer, and commissions are not ordinarily payable in connection with such investments. To the limited extent 3L Capital transacts in public securities, it intends to select brokers based upon the broker's ability to provide the best execution for the Fund at a competitive rate.

3L Capital has complete discretion in selecting the broker that it uses for Fund transactions and the commission rates that the Funds pay such brokers. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker dealer's services. In selecting a broker for any transaction or series of transactions, 3L Capital is authorized to consider several factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- efficiency of execution and error resolution;
- ability to arrange for sales and transfers of restricted and illiquid securities;
- willingness to execute related or unrelated difficult transactions in the future;
- special execution capabilities; and
- order of call.

3L Capital does not currently participate in any soft dollar arrangements. Any research services received from brokers and dealers are incidental to 3L Capital's own research effort. To the best of 3L Capital's knowledge, such services are generally made available to all institutional investors doing business with such broker dealers. 3L Capital does not separately compensate such broker dealers for the research and does not believe that it "pays up" for such broker services.

**Item 13.      Review of Accounts**

3L Capital's General Partners regularly review all Fund portfolios. Those reviews consider the management of Portfolio Companies, new investors or financings of Portfolio Companies, cash management, the prospects of individual securities and portfolio funds, industry outlook, new products and services of existing Portfolio Companies and market outlook. As discussed in Item 15, 3L Capital coordinates the delivery audited financial statements to Limited Partners on an annual basis.

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

3L Capital has engaged, and may in the future engage, third-party placement agents to refer prospective Limited Partners for participation in 3L Capital Funds. All such engagements are approved by 3L Capital's Chief Compliance Officer. Placement fees paid to any such placement agents are individually negotiated; provided that no placement fee shall be payable to a placement agent to the extent that such fee would be prohibited by applicable law, regulation or a written policy of a prospective Limited Partner. Such placement fees may be borne by the applicable 3L Capital Fund with a corresponding offset to the management fee payable to 3L Capital by such 3L Capital Fund on a dollar for dollar basis.

If 3L Capital, its employees or members, the General Partners or certain other affiliates outlined in the applicable Fund Agreement receive consulting, advisory, directors', investment banking, monitoring, transaction, closing or break-up fees from a Portfolio Company, then a portion of such fees reduce Management Fees paid by the Limited Partners in such 3L Capital Fund pursuant to a formula set forth in the applicable Fund Agreement and as disclosed above in "Fees and Compensation". (Item 5). Any such fees received by any person whose relationship with the General Partners or 3L Capital is a "venture partner," "principal," "entrepreneur in residence," "executive in residence," "contractor," "consultant" or "adviser" and any arm's-length compensation received by 3L Capital, its employees or members, the General Partners or certain other affiliates outlined in the applicable Fund Agreement from any Portfolio Company in connection with bona fide employment or consulting services provided to such Portfolio Company by any such person do not reduce Management Fees payable to 3L Capital.

3L Capital does not currently maintain any traditional solicitor arrangements for client referrals. In the event any such solicitor arrangements arise in the future, 3L Capital would carry out such arrangements in compliance with Rule 206(4)-1 under the Advisers Act.

## **Item 15. Custody**

Pursuant to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), 3L Capital is deemed to have custody of the assets held by the Funds because affiliates of 3L Capital serve as General Partners to the Funds.

To ensure compliance with the Custody Rule, 3L Capital will ensure that the Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“**PCAOB**”) and that the audited financial statements of each Fund will be prepared in accordance with United States Generally Accepted Accounting Principles (“**GAAP**”) and distributed to investors within 120 days of the end of each Fund’s fiscal year (180 days in the case of fund of funds). Limited Partners should carefully review the audited financial statements of the Funds and compare these statements to any account information provided by 3L Capital.

From time to time, for legal, tax, regulatory, or other similar purposes, 3L Capital utilizes certain special purpose vehicles (“**SPVs**”) to facilitate investments in certain securities by one or more of the Funds. In accordance with applicable SEC guidance, 3L Capital can treat the assets owned by the SPVs as assets of the relevant Funds of which 3L Capital has custody indirectly and therefore include such assets within the scope of the applicable Funds’ financial statement audits, as described above.

As 3L Capital’s investment program primarily involves investments in privately offered securities, 3L Capital generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” 3L Capital anticipates that many of its investments will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated, and ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the issuer’s outstanding securities.

To the extent 3L Capital holds any publicly traded securities or securities which are otherwise ineligible for an exemption from qualified custodian requirement of the Custody Rule, 3L Capital will ensure such securities are held with a qualified custodian.

**Item 16. Investment Discretion**

3L Capital has discretionary authority to manage securities accounts on behalf of the Funds pursuant to a grant of authority in Fund Agreement. The Fund Agreements detail the investment strategy and the investment limitations applicable to each Fund.

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

Given 3L Capital's focus in investing in private companies, it is anticipated that it will be extremely rare that 3L Capital receives proxies with respect to securities held on behalf of the Funds. However, there are situations where Portfolio Companies could have proxy issues (e.g. a Portfolio Company needs approval to make changes to its board of directors or auditors, or if a Portfolio Company goes public and a Fund holds securities, etc.). In such situations, 3L Capital or an affiliate would have authority to vote proxies on behalf of the Funds (if 3L Capital does not otherwise have control over the Portfolio Company and exercise such authority through control of the Portfolio Company's board).

In evaluating how to vote a proxy, 3L Capital will first determine whether there is a conflict of interest related to the proxy in question between 3L Capital and the Advisory Client. This examination will include (but will not be limited to) an evaluation of whether 3L Capital (or any affiliate of 3L Capital) has any relationship with the Portfolio Company (or an affiliate of the Portfolio Company) to which the proxy relates, outside an investment in such Portfolio Company by a Fund managed by 3L Capital.

If a conflict is identified and deemed "material," 3L Capital will generally seek to mitigate the conflict either by the Chief Compliance Officer appointing another individual who is not conflicted out to vote, or by appointing an independent third party to vote the proxy.

The Chief Compliance Officer will be responsible for maintaining the proxy voting books and records.

A Limited Partner can obtain a copy of 3L Capital's proxy voting policy and a record of votes cast by 3L Capital on behalf of that Limited Partner by contacting 3L Capital directly.

**Item 18. Financial Information**

Not applicable. 3L Capital does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to include a balance sheet for its most recent fiscal year. 3L Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts or meet contractual commitments to the Funds or Limited Partners.