

## Halle Capital Management LP

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This brochure (this "Brochure") provides information about the qualifications and business practices of Halle Capital Management LP. If you have any questions about the contents of this Brochure, please contact us at [bryan@hallecapital.com](mailto:bryan@hallecapital.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.

Registration as an investment adviser does not imply that Halle Capital Management LP or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Halle Capital Management LP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

Halle Capital Management filed its initial Brochure on June 28, 2023. There are no material changes to report as part of this amendment. However, investors are encouraged to read this Brochure in its entirety.

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**Item 4. Advisory Business**

Halle Capital Management LP (“the “Adviser””) is a Delaware limited partnership that was formed in September 2019. The Adviser is principally owned and controlled by John Peter Gutfreund.

The Adviser provides discretionary investment advice to private funds (each a “Private Fund,” or collectively, the “Private Funds”). In addition, from time-to-time the Adviser forms certain co-investment special purpose vehicles (each a “Co-Investment Fund,” or collectively, the “Co-Investment Funds,” and together with the Private Funds, the “Funds”). In the future, the Adviser may also provide investment advice to additional private funds and separately managed accounts for institutional, non-retail investors (“SMAs”). References throughout this document to “clients” refer to the Private Funds, Co-Investment Funds, and any other private funds and SMAs that the Adviser may advise in the future.

The Adviser also establishes a general partner or acts as managing member for each Fund that is affiliated with the Adviser (each a “GP/MM”).

The Funds are managed in accordance with their own investment objectives, as described in their respective offering documents and/or governing agreements (together, the “Governing Documents”). Investors in the Funds will generally not be permitted to impose limitations on the investment activities described in the Funds’ Governing Documents. Under certain circumstances, the Adviser may contract with a client to adhere to limited risk and/or operating guidelines imposed by that client, and such arrangements will be negotiated on a case-by-case basis. (*See Item 16 - Investment Discretion.*)

The Adviser does not participate in wrap fee programs.

As of December 31, 2023, the Adviser managed approximately \$504,745,250 of regulatory assets under management on a discretionary basis. The Adviser does not manage any assets on a non-discretionary basis.

**Item 5. Fees and Compensation**

The Adviser is entitled to receive management fees, carried interest, and other additional compensation from portfolio companies in connection with its advisory services, as described in the Governing Documents.

**Management Fees***Private Fund Fees*

The Adviser is paid management fees from the Private Funds as described in each Private Fund’s Governing Documents (the “Management Fee”). The Management Fee is paid quarterly in advance and is prorated for any partial periods. During a Private Fund’s investment period, the Management Fee is calculated based on a percentage of the Private Fund’s committed capital. After the investment period ends, the Private Fund’s Management Fee is based on a percentage of invested capital.

The Adviser has the ability to reduce, waive, assign, participate or share the management fee payable with respect to certain investors.

The Management Fee is also subject to an offset from Transaction Fees (as defined below), earned from portfolio companies by the Adviser or its affiliates, equal to 100% of the fee attributable to the Private Fund allocable to the partners based on their pro-rata share of such fee,. If the offset portion of the Transaction Fees received by the Adviser or its affiliates during any relevant quarterly period exceeds the Management Fee otherwise payable with respect to that quarterly period, then the excess will be carried forward to offset and reduce the Management Fees otherwise payable in succeeding quarterly periods. Please see each Private Fund's Governing Documents for a detailed description on the application of the Management Fee offset.

#### *Co-Investment Fund Fees*

The Adviser is paid Management Fees from the Co-Investment Funds as described in each Co-Investment Fund's Governing Documents. The Management Fee is paid quarterly in advance and is prorated for any partial periods. The Management Fee equals a percentage of unreturned capital contributions. Management Fees payable by investors in a Co-Investment Fund are not offset against any Transaction Fees (as defined below) earned by the Adviser or its affiliates from portfolio companies.

#### **Transaction Fees**

The Adviser is entitled to earn certain fees from portfolio companies ("Transaction Fees") including directors' fees from portfolio companies, transactions fees, closing fees, monitoring fees, amendment fees, break-up fees or any other similar advisory fees in connection with any services provided by the Adviser or its affiliates to a portfolio company. Certain Transaction Fees will offset Management Fees, as described above.

#### **Carried Interest**

The GP/MM of each Fund receives a carried interest allocation from the investors of such Fund as further described in Item 6 – Performance-Based Fees and Side-By-Side Management.

#### **Expenses**

The Funds bear certain expenses as outlined in the Governing Documents. Please review the Governing Documents for a detailed description of expenses each Fund will bear.

Generally, Fund expenses include organizational and other ongoing expenses. Organizational expenses generally include all out-of-pocket expenses incurred by a Fund or on its behalf in connection with the organization of the Fund and the offering of investor interests, including legal and accounting fees, printing costs, fees and expenses related to the negotiation of other agreements with investors, marketing, travel and other expenses. A Fund's ongoing expenses generally include legal, accounting (including external accounting and valuation expenses), auditing and other professional expenses, tax preparation and other tax related expenses (including preparation costs of financial statements, tax returns and reports to Partners), administrator and other service provider fees and expenses, expenses incurred in connection with the activities of a Fund's Advisory Committee, insurance expenses (including directors' and officers' insurance, errors and omissions insurance, fidelity insurance and other similar policies), expenses associated with reporting to existing and prospective partners, expenses of regulatory filings and reporting (including but not limited to Form PF, Section 13 and Section 16 filings) to the extent they are in connection with, relate to or derive from a Fund or its investment activities, fees and expenses related to the negotiation of agreements with partners, including side letters, expenses incurred in

connection with investments and prospective investments (and evaluating those investments) whether or not consummated, including, without limitation, research products and services, research travel-related costs and expenses, retainers to third party consultants/advisors, research reports and consultations (including, without limitation, expert consultants and third party consultants/advisors), statistical data, market data and portfolio management analytics and software, including, without limitation, third-party electronic data storage and processing related to research, all transaction and investment-related costs and fees, including, without limitation, commissions, interest on margin accounts and other indebtedness, fees, costs, expenses and other obligations, including principal, interest and any fees (including commitment fees) and expenses in connection with any borrowing, guarantee or other credit support entered into in accordance with the Fund's Governing Documents, expenses relating to the offer and sale of Interests (including, but not limited to, expenses related to registration, exemption and investor subscription filings made by or on behalf of a Fund), custodial and banking fees, registrar and transfer agent fees, bank service fees, expenses incurred in connection with a Fund's dissolution, liquidation, winding-up and termination, and other reasonable expenses related to the purchase, sale or transmittal of a Fund's assets.

From time to time, the Adviser may provide a resource to a portfolio company on a temporary basis. In such cases where an Adviser's employee is providing operational services at the portfolio company in the capacity of an employee, the Adviser will be reimbursed for such employee's cost by the portfolio company. The employee's cost will generally include salary, bonuses, benefits, payroll taxes, third-party administrative and support service fees, and subscription costs.

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

The GP/MM for each Fund is entitled to receive carried interest distributions from the relevant Fund. Carried interest is a performance-based form of compensation in which the GP/MM is entitled to receive a specified share of the profits earned by each Fund after its investors have been returned one hundred percent of their capital contribution in the Fund and after a preferred return, if applicable. Investors and prospective investors are encouraged to carefully review the Governing Documents for each Fund for details on how the carried interest is determined for such Fund.

Performance-based compensation arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. Performance-based compensation arrangements could also create an incentive for the Adviser to favor clients with higher performance-based compensation rates over other clients when allocating investments. The Adviser has adopted procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among them. In particular, all investment opportunities will, to the extent practicable, be allocated among the Funds on a basis that over time is fair and equitable to each Fund relative to other Funds, taking into account all relevant facts and circumstances. Although the Adviser manages multiple Funds, in general, the Adviser expects that only a single Fund (or single group of Funds investing in parallel with one another, if applicable) will be eligible to participate in new investments at any given time. Accordingly, the Adviser generally intends to allocate new investment opportunities to such Fund (or such group of Funds, if applicable).

**Item 7. Types of Clients**

We provide advice directly to our Fund clients and not individually to investors in any Fund. Investors in the Funds are generally institutions investors, endowments, foundations, family offices, and high net worth individuals. The Adviser generally requires a minimum investment amount of \$1,000,000 for Private Funds. However, any minimum investment amounts for a Fund may be waived at the Adviser's discretion.

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

The Funds expect to primarily invest in private companies that are experiencing high growth or expect to grow quickly with an injection of capital. The Funds will take a flexible approach with regards to the securities in which it invests but primarily will focus on preferred equity or convertible debt securities. The Fund will seek to deploy capital across the healthcare, consumer, and business services industries that are based in or expect to have most of their operations within the United States.

The Adviser plans to leverage a thematic approach to identify the set of companies in which a Fund will seek to invest. The Adviser seeks to identify target companies that have large market opportunities in which technology and data can be utilized to enhance the target company's value to their customers. The team will seek to support the target companies in attracting top talent and investing strategically in initiatives that are expected to accelerate growth. The Adviser focuses on companies with defensible market positions with strong unit economics and multiple avenues for future growth. Further, The Adviser may seek to partner with companies through significant minority investments with select control or platform investments.

The Adviser will develop and review materials to support the decision to invest in a specific target company. These materials will generally be informed by interactions with the company, detailed operational and financial metrics provided by the company, engagements with outside consultants or advisors, and knowledge of the Adviser and its team. In an iterative process, the Adviser will assess the company's plans and prospects and conduct further diligence to refine its views and understanding ahead of any investment. Upon completion of substantial due diligence and assuming approval by the Adviser's Investment Committee at the end of that work, the Adviser will seek to partner with the company to secure a position for a Fund or Funds and complete any confirmatory due diligence that may be necessary to consummate the transaction.

**Investing in securities involves risk of loss that investors should be prepared to bear.**

*Risk Factors*

An investment in each Fund will be speculative and will involve a high degree of risk. It is designed only for sophisticated persons who can bear the economic risk of the loss of their entire investment in the Fund and who have a limited need for liquidity in their investment. There can be no assurance that the Fund will achieve its investment objective.

**Fundamental Analysis**

Certain investment decisions made by the Adviser may be based on fundamental analysis. Data on which

fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, strategies similar to a Fund's investment strategies, a Fund may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Adviser misinterprets the meaning of certain data, a Fund may incur losses.

### **Lack of Diversification and Concentration of Investments**

A Fund's portfolio may not be diversified among a wide range of types of securities or other investments, industry, geographic or sector areas. Further, a Fund's portfolio may not be diversified among a wide range of issuers under normal circumstances. Many of a Fund's investments may require significant capital contributions and accordingly, a Fund may hold a few, relatively large (in relation to its capital) securities positions, with the result that a loss in any such position could have a material adverse impact on a Fund. Such concentration of risk may also increase the losses suffered by a Fund or reduce its ability to hedge its exposure and to dispose of depreciating assets. Accordingly, the investment portfolio may be subject to concentration risks and more rapid change in value than would be the case if a Fund were required to maintain a broader diversification among types of securities, industry, geographic or sector areas or other investments or issuers. Limited diversity could expose a Fund to losses disproportionate to those incurred by the market in general if the areas in which a Fund's investments are concentrated are disproportionately adversely affected by price movements in those financial instruments or assets.

### **Private Investments**

Investments in the private equity of companies at various stages in their development involve a high degree of business and financial risk. Private companies with limited operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss.

The Funds will have significant exposure to and invest in private companies across a variety of industry sectors. These investments may include investments in early stage, mid-stage and late-stage companies. Certain of these private companies may have modest revenues and may or may not be profitable. Further, a Fund may invest in securities of unseasoned private companies with little or no operating history. These companies represent highly speculative investments. In some cases, a Fund may be the first source of professional financing for such companies. Private companies may require additional capital, after a Fund's investment, to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any state. To the extent a Fund invests in micro- and/or smaller-capitalization companies, the prices of the securities of such companies are often more volatile than the prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid even after



they become public companies. When liquidating large positions in thinly-traded companies, a Fund may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small transactions over an extended period of time.

Although the Adviser may seek to negotiate certain protective provisions in connection with a Fund's investments where possible, a Fund primarily expects its investments to consist of minority positions in companies in which it invests. In those cases, a Fund generally will not be represented on a portfolio company's board of directors, and each portfolio company will be managed by its own officers (who generally will not be affiliated with the Adviser or its affiliates), and a Fund may have little or no voting power. As a result, the Adviser typically will not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect a Fund's position in such companies. Some companies may depend upon managerial assistance or financing provided by their investors. The value of a Fund's investments may depend upon the quality of managerial assistance provided by the investors in the companies and their ability and willingness to provide financial support.

A Fund's ability to realize value from an investment in a private company will depend largely upon successful completion of the company's initial public offering or the sale of the company to another company, which may not occur for a period of several years after the date of a Fund's investment, or may not occur at all. There can be no assurance that any of the companies in which a Fund invests will complete public offerings or be sold, or, if such events occur, as to the timing and value of such offerings or sales. In addition, a Fund may be subject to, or may agree to become subject to, lock-up periods subsequent to an initial public offering or other liquidity event. A Fund may also lose all or part of its entire investment if these companies fail or their product lines fail to achieve an adequate level of market recognition or acceptance.

Investments in certain private companies may be more difficult to value than other companies as a result of there being more limited or no operating history of such company. It is unlikely that independent pricing information will be available or that other valuation methodologies that the GP/MM would customarily use will be available, such as marked to market prices typically provided by dealers and pricing services and relative value pricing mechanisms. Accordingly, it is likely that investments will be valued at their fair value employing methods determined in good faith by the GP/MM in consultation with the Adviser. If the valuations of companies should prove to be incorrect, investors could be adversely affected.

### **Investments in Public Companies**

Although a Fund will primarily seek to make investments in private companies across all stages, a Fund may also invest in public companies in order to take those companies private. Investments in public companies may subject a Fund to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, movements in the stock market and trends in the overall economy, greater volatility in the valuation of such companies, increased obligation to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times (including due to the possession by a Fund of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which may include members of the Adviser or its affiliates, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

### **Due Diligence Risks**

Before making investments, the Adviser intends to conduct due diligence that it deems reasonable and

appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment, the Adviser will rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence process may at times be subjective with respect to newly organized companies for which only limited information is available. Accordingly, there can be no assurance that the due diligence investigation that the Adviser will carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Further, there can be no assurance that such an investigation will result in an investment being successful. The Adviser may be required to undertake its investment analyses and decisions on an expedited basis in order to take advantage of investment opportunities. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment.

### **Risks in Effecting Operating Improvements and Board Participation**

In certain cases, the success of a Fund's investments may depend, in part, on the ability of a Fund to assist in the restructuring of, and effecting improvements in, the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. Certain features of a relevant business environment may impede or prevent the implementation of necessary restructuring steps for such companies. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements. Further, to the extent that a Fund owns a controlling stake in, has representatives on a board of directors or creditors' committee or is deemed an affiliate of, a particular company, it may be subject to certain additional bankruptcy or securities laws restrictions which could affect both the liquidity of a Fund's interest and a Fund's ability to liquidate its interest without adversely impacting the investment's price.

### **Leveraged Portfolio Companies**

Certain of a Fund's investments may include businesses with high levels of debt or may be investments in leveraged buyouts. Leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. The leveraged capital structure of such investments will increase the exposure of a portfolio company to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such portfolio company or its industry. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses and recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability and survival of such investments. Leveraging the capital structure of a portfolio company will mean that third parties, such as banks, may be entitled to the cash flow generated by such investments prior to a Fund receiving a return. In addition, there can be no guarantee that debt facilities will be available at commercially attractive rates throughout the term of a Fund or when due for refinancing such that a Fund or the applicable portfolio company will be exposed to less favorable terms or rates upon a refinancing, or that any facilities negotiated will be fully utilized. If a portfolio company cannot generate adequate cash flow to meet its debt obligations, a Fund may suffer a total loss of capital invested in such company.

### **Control Person Liability**

A Fund may have controlling interests in certain of its portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and

other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If any such liabilities were to arise, a Fund might suffer significant losses. The possibility of successful claims against a Fund and/or its affiliates cannot be precluded. In addition, members of the Adviser or its affiliates may serve as directors of certain of the portfolio companies, including public companies, and as such, may have duties to persons other than a Fund.

**Control Positions**

To the extent that a Fund owns a controlling stake in, has representatives on a board of directors or is deemed an affiliate of a particular company, it may be subject to certain securities laws restrictions which could affect both the liquidity of a Fund's interest and a Fund's ability to liquidate its interest without adversely impacting the investment's price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Securities Act, and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, to the extent that affiliates of a Fund, the GP/MM or the Adviser are subject to such restrictions, a Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether a Fund stands to benefit from such affiliate's stock ownership.

**Research and Development Risks**

Certain companies in which a Fund invests may allocate greater than usual amounts to research and product development. The securities of such companies may experience above-average price or valuation movements associated with the perceived prospects of success of the research and development programs. In addition, companies in which a Fund invests could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may have inexperienced management, face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

**Unspecified Investments.**

The capital commitments received from the investors pursuant to a Fund offering may go into a blind pool in which a Fund has not identified the particular investments it will make. Accordingly, an investor in a Fund must rely upon the ability of the Adviser to identify suitable investments consistent with a Fund's investment objectives and policies. An investor will not have the opportunity to individually evaluate the relevant economic, financial and other information that will be utilized by the Adviser in its selection of investments or otherwise approve of such investments.

**Business Risks**

A Fund will invest in the securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

**Follow-on investments**

Following its initial investment in a given portfolio company, a Fund may decide to provide additional

funds to such portfolio company, may have the opportunity to increase its investment in a portfolio company and/or make follow-on investments. There can be no assurance that a Fund will make Follow-On Investments or that a Fund 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 follow-on investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for a Fund to increase, or prevent the dilution of, its participation in a successful operation.

### **Lack of Liquidity of Fund Investments**

A Fund may invest in non-publicly traded securities and private instruments for which the number of potential purchasers and sellers, if any, is very limited. This factor may have the effect of limiting the availability of these securities for purchase by a Fund and may also limit the ability of a Fund or investors in receipt of in-kind distributions to sell such securities at their fair value. Due to securities regulations governing certain publicly traded equity securities, that ability could also be diminished with respect to equity holdings that represent a significant portion of the issuer's voting securities (particularly if a Fund has designated one or more directors). Thus, there can be no assurance as to the timing and amount of distributions from a Fund. To the extent any Fund Investments are not sold prior to the termination of a Fund, they may be distributed in kind to the investors at termination. The securities and instruments so distributed may not be readily marketable. Additionally, no public market exists with respect to Fund Investments in privately held companies and no assurance can be given that an IPO or other liquidity event will be consummated by the applicable issuer in the future. Accordingly, there may be significant liquidity restrictions related to such investments.

### **Convertible Securities**

A Fund may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

### **Securities of Companies with Foreign-Based Operations**

A Fund may make significant investments in the securities of issuers with a significant portion of their business and operations in, or a significant portion of their revenues from, locations outside the U.S. and therefore will be impacted by conditions in other locations outside the U.S. Investing in these securities involves additional considerations and risks beyond those typically involved in investing in U.S. companies, including the instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the U.S. or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (for example, the imposition of withholding taxes on dividends, interest payments or capital gains) or confiscatory taxation may also affect investments in foreign securities. Investments in

foreign countries could be affected by other factors not present in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

### **Currency Risks**

A Fund may invest in financial instruments denominated in currencies other than the U.S. dollar. A Fund, however, values its financial instruments in U.S. dollars. A Fund's investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to the U.S. dollar or other currencies. The weakening of a country's currency relative to the U.S. dollar will negatively affect the U.S. dollar value of a Fund's assets. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, central bank policy, and political developments. From time to time and under certain circumstances, a Fund may seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. A Fund may, but is not obligated to, try to hedge these risks by selling or buying foreign currencies in the forward market, selling or buying foreign currency futures contracts, options or other securities thereon, borrowing funds denominated in foreign currencies or other strategies, depending on the availability of liquidity in the hedging instruments and their relative costs. There can be no assurance that such strategies will be implemented, or if implemented, will be effective. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when a Fund wishes to use them, or that hedging techniques employed by a Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of a Fund's positions denominated in currencies other than U.S. dollars will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

### **Market Risks**

The profitability of a significant portion of a Fund's investment program depends to a great extent upon correctly assessing the future course of price movements of specific securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements.

### **Projections**

Projected operating results of a company in which a Fund invests typically will be based primarily on financial projections prepared by such company's management or developed by the Adviser. Further, when taking a control position, such as a leveraged buyout, the Adviser generally will establish the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Projections are inherently uncertain and subject to factors beyond the control of the Adviser and the issuer in question. In all cases, projections are only estimates of future results that are based upon 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 may be significantly different from the projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of unforeseen events could impair the ability of a company to realize projected values and/or cash flow. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

### **Exposure to Material Non-Public Information**

From time to time, the Adviser may receive material non-public information with respect to an issuer, including, but not limited to, situations where a member of the Adviser or its affiliates is on the board of a public company or engages in a take-private transaction. In such circumstances, a Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer and (iii) pursuing other investment opportunities related to such issuer.

### **High Growth Industry Related Risks**

A Fund may have investments in the securities of high growth companies. These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

### **Expedited Transactions.**

The Adviser may be required to undertake its investment analyses and decisions on an expedited basis in order to take advantage of investment opportunities. In such cases, the information available to the Adviser at the time it makes an investment decision for a Fund may be limited, and the Adviser may not have access to detailed information regarding the investment opportunity. Therefore, no assurance can be given that the Adviser will have knowledge of all circumstances that may adversely affect an investment.

### **Valuation of Securities**

Valuation of a Fund's securities and other investments may involve uncertainties and subjective determinations. Securities held by a Fund will be valued at their fair value employing methods determined in good faith by the GP/MM in consultation with the Adviser. As a general matter, investors will not have access to the details of the Adviser's valuation methodologies or to the information utilized by the Adviser in applying such methodologies. If such valuations should prove to be incorrect, investors could be adversely affected. Independent pricing information may not at times be available or may be difficult to obtain with respect to certain of a Fund's securities and other investments. Accordingly, while the GP/MM and the Adviser will use reasonable efforts to value all investments in a Fund fairly, certain investments may be difficult to value and may be subject to varying interpretations of value. When making a Fund investment, the GP/MM and the Adviser seek to obtain as many information rights from the company as possible. However, the ability to obtain full information rights and the types of information rights received may vary on an investment by investment basis. The ability or the inability to obtain any information rights (including the right to a company's financial data regarding performance) with respect to a Fund Investment may impact the information available to the GP/MM and the Adviser that may be assessed as part of the valuation process. Where appropriate, the Adviser may seek an independent third-party opinion to assess the value of certain Fund Investments. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed.



**Dilution from Subsequent Closings**

Investors subscribing for interests at subsequent closings will participate in existing investments of a Fund at cost, diluting the interest of existing investors therein. Although such investors will contribute their *pro rata* share of previously made capital draws (plus an additional amount thereon), unless the GP/MM in its discretion determines that a *pro rata* capital contribution from investors at a subsequent closing would not appropriately reflect a material change in the value of the investments then held by a Fund together with additional amounts thereon as described in the Governing Documents, there can be no assurance that this payment will reflect the fair value of a Fund's existing investments at the time such additional investors subscribe for Interests.

**Investments Longer than Term**

A Fund may make Fund Investments which may not be advantageously disposed of prior to the date a Fund is dissolved, either by expiration of a Fund's term or otherwise. Although the Adviser expects that all investments will be disposed of prior to a Fund's dissolution and the GP/MM has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund, the GP/MM (or the relevant liquidator) will seek to use its best efforts to reduce to cash and cash equivalents such assets of a Fund as the GP/MM (or such liquidator) will deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur.

**Competition; Availability of Investment Opportunities**

Certain markets in which a Fund may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the Adviser will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable financial instruments from other pooled investment vehicles, the public and private equity markets and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to a Fund in obtaining suitable financial instruments. There may also be competition to sell financial instruments. If many investment funds that pursue similar strategies were forced to liquidate positions at the same time, market liquidity would be reduced, which may cause prices to drop, volatility to increase and Fund losses to be exacerbated. Accordingly, in the event that there is an insufficient amount of Fund investment opportunities, the full amount of each Partner's Capital Commitment may not be contributed to a Fund over the life of a Fund.

**Investments in Private Investment Funds Managed by a Third Party**

While the Adviser intends that the majority of a Fund's investments will be made directly in the applicable private company, from time to time, a Fund may make investments in one or more investment vehicles managed by an unaffiliated third party, including but not limited to some vehicles that may only invest in a single portfolio company or other vehicles that make multiple investments in various underlying portfolio companies. The value and liquidity of an investment in a third-party managed private investment fund will be affected by decisions made by such entity's management, and the GP/MM may have no control over such decisions. As a result, there can be no assurance that every third-party manager engaged

by a Fund will invest on the basis expected by the GP/MM. To the extent a Fund invests in a private investment fund, a Fund may be subject to the fees and incentive allocation charged by such entity, which may be in addition to the fees, Profits Interest and expenses to which the limited partner is subject as an investor in a Fund.

### **Third-party Involvement**

A Fund may also co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may involve risks not present in investments where a third party is not involved and may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of a Fund or is in a position to take (or block) action in a manner contrary to a Fund's investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments. In addition, a Fund may be liable for actions of its co-venturers or partners.

### **Contingent Liabilities**

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. A Fund also may be required to indemnify the purchasers of such investment for certain matters, including without limitation, to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements or other circumstances may result in contingent liabilities. In that regard, investors may be required to return amounts distributed to them to fund such indemnity obligations.

### **Special Situations**

A Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to a Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Fund may invest, there is a potential risk of loss by a Fund of its entire investment in such companies. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of a Fund's original investment therein. Under certain circumstances, payments to a Fund and distributions by a Fund to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances voidable preferences lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

### **Counterparty, Valuation and Settlement Risk**



To the extent a Fund invests in “synthetic” or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, a Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions, which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

In addition, there are risks involved in dealing with the custodians or brokers who settle Fund trades, particularly with respect to non-U.S. investments. Assets of a Fund may be deposited with custodians or brokers that do not segregate Fund assets from their own. Therefore, a Fund may be exposed to a credit risk with respect to such custodians and brokers and there may be practical or timing problems associated with enforcing a Fund’s rights to its assets in the case of an insolvency of any such party.

### **Custody Risk**

There are risks involved in dealing with a Fund’s custodian. A Fund maintains a custody account with its custodian (the “Custodian”). Although the Adviser monitors the Custodian and believes that it is an appropriate custodian, there is no guarantee that the Custodian, or any other custodian that a Fund may use from time to time, will not become bankrupt or insolvent. Further, a Fund anticipates that most, if not all, of its assets at any given time will consist of interests in non-exchange traded equity instruments which generally are not capable of being “custodied” in the traditional sense. Accordingly, at any given time a Fund’s account with its Custodian is expected to contain a relatively small portion of its overall assets.

A Fund, and/or the Custodian may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of a Fund. The Custodian may not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, or for any losses suffered by a Fund as a result of the bankruptcy or insolvency of any such sub-custodian. A Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to a Fund.

Under certain circumstances, including certain transactions where a Fund’s assets are held with a non-U.S. custodian, the securities and other assets deposited with the custodian may not be clearly identified as being assets of a Fund and hence a Fund could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of a Fund to recover assets held by a custodian in the event of the custodian’s bankruptcy or insolvency could be in doubt, as a Fund may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing a Fund’s rights to its assets in the case of a bankruptcy or insolvency of any such party.

### **Business and Regulatory Risks of Private Funds**

Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect a Fund. The regulatory environment for private funds is evolving, and changes in the regulation of private funds

may adversely affect the value of investments held by a Fund and the ability of a Fund to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on a Fund could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of investments and/or the inhibition of a Fund's ability to pursue certain of its investment strategies as described herein.

There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of a Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on a Fund and the investors' investments therein. In addition, the Adviser may, in its sole discretion, cause a Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in a Fund's interest, even if such laws and regulations may have a detrimental effect on one or more investors.

### **Cross Portfolio Liability**

While a Fund may have multiple portfolios and certain portfolios may only participate in certain Fund Investments, a Fund will be treated as one entity. Accordingly all of the assets of a Fund may be available to meet all of the liabilities of a Fund, regardless of the separate portfolio to which such assets or liabilities are attributable. In practice, cross portfolio liability will usually only arise when any portfolio becomes insolvent or exhausts its assets and is unable to meet all of its liabilities.

### **Cybersecurity Breaches and Identity Theft**

The Adviser's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser will 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, the Adviser and/or a Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's and/or a Fund'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 the Adviser's and/or a Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

### **Operational Risk**

A Fund depends on the GP/MM and the Adviser to develop the appropriate systems and procedures to control certain aspects of operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in a Fund's operations may cause a Fund to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational

damage. A Fund relies heavily on the Adviser's financial, accounting and other data processing systems. Systemic failures in the systems employed by a Fund, prime brokers, the Administrator (as defined below), the Adviser back-office services providers and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in a Fund's operations may cause a Fund to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

### **Exculpation and Indemnification Provisions**

The Governing Documents limit the circumstances under which the GP/MM, the Adviser and each other Covered Person can be held liable to a Fund or the investors absent Disqualifying Conduct. As a result, investors will have a more limited right of action in certain cases than they would in the absence of such a limitation. Further, a Fund also will be required to indemnify the GP/MM, the Adviser and each other indemnified person for liabilities they incur in connection with the affairs of a Fund absent the Indemnified Person's own Disqualifying Conduct. See Section I, "Summary of Principal Terms" under the heading "Exculpation and Indemnification". Those limits on actions against the GP/MM, the Adviser, and each other Indemnified Person and a Fund's indemnification liabilities to them could be material. In particular, these exculpation and indemnification provisions in favor of the Indemnified Persons could result in a Fund bearing significant financial losses even where such losses were caused by the negligence of one or more Indemnified Persons. If incurred those financial losses would likely have an adverse effect on the returns to the investors. The assets of a Fund, including the unused capital commitments of the investors, will be available to satisfy these indemnification obligations and Partners may be required to return distributions to satisfy such obligations, subject to certain limitations set forth in the Governing Documents. Prospective investors should also note that the Governing Documents authorize the GP/MM to purchase insurance for a Fund, the GP/MM, the Adviser, and the other Indemnified Persons but does not require it to do so. Further, there is no guarantee that even if purchased that the applicable insurance coverage will be available, or sufficient to satisfy losses for which a Fund may be required to provide indemnification, and potential insurance claims will not delay the availability of the advances provided to indemnified persons under the Governing Documents.

### **Accounting for Uncertainty in Income Taxes**

The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") (formerly known as "FIN 48"), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. Prospective investors should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of a Fund, which may reduce the amount available for distribution by a Fund to reflect reserves for income taxes that may be payable in respect of prior periods by a Fund.

### **Non-U.S. Investment Tax Risks**

A Fund may invest in securities issued by entities which are domiciled outside of the United States. Many foreign countries have laws that tax non-resident investors, such as a Fund, on income arising from that country. While many of these countries have withholding or other mechanisms that clarify the application and payment of tax, in certain countries there can be uncertainty about how tax law is applied to income

earned by a Fund, and, as a result, uncertainty as to the amount, if any, that will ultimately be payable by a Fund or its investors. While a Fund monitors the tax posture from its investment activities, there remains a risk that any one, or several, foreign tax authorities will attempt to collect taxes on investment income earned by a Fund. This could happen without any prior warning, possibly on a retrospective basis, and could result in a material loss to a Fund's net asset value. In addition, filing requirements could apply to investors in a Fund. In addition, if a Fund makes investments denominated in foreign currency, it may recognize foreign currency gain or loss whenever the exchange rate on the date of sale differs from the exchange rate on the date of purchase. Investors may have to recognize ordinary income or make certain filings in connection with such foreign currency gain or loss, including Form 8666 (Reportable Transaction Disclosure Statement) in the case of certain significant foreign currency losses.

### **Phantom Income**

An investor's tax liability related to its investment in a Fund could exceed the amount distributed to the investor in a particular year. There can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions in the amount necessary to pay all tax liabilities resulting from the investors' ownership of interests.

### **Unrelated Business Taxable Income for Certain Tax-Exempt Investors**

Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize "unrelated business taxable income" ("UBTI") as a result of an investment in a Fund since it is anticipated that a Fund may employ leverage. Further, it is possible that certain Fund investments may also result in UBTI if the relevant issuers are not structured as corporations for U.S. federal income tax purposes. Any tax-exempt investor should consult its own tax advisor with respect to the effect of an investment in a Fund on its own tax situation.

### **Potential Delay in Receipt of Tax Information**

While a Fund will attempt to provide annual tax information to the investors on a timely basis, the GP/MM expects that information will not be received in respect of all portfolio companies in sufficient time to permit a Fund to distribute such information prior to April 15 of each year. As a result, the GP/MM expects that a Fund will not file its federal income tax return for a given year, or distribute such information to the investors, until after April 15, and the investors should plan to obtain extensions of time for filing their income tax returns.

### **Litigation Risk**

A Fund could be a party to lawsuits either initiated by it, or by a company in which a Fund invests or the company's shareholders, or state, federal and foreign governmental bodies. A Fund's investment activities subject it to the risk of becoming involved in litigation by third parties, especially in instances where a Fund exercises control of, or significant influence over, a portfolio company's operations. There can be no assurance that any such litigation, once begun, would be resolved in favor of a Fund. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the Adviser or its affiliates, be borne by a Fund and would require investors to return distributions to a Fund. In addition, a Fund may acquire direct or indirect interests in portfolio company securities through secondary market transactions from existing holders. Such transactions typically are subject to relatively extensive contractual requirements involving multiple parties and, accordingly, entail contractual risks and risks of potential litigation.

**Lack of Operating History**

The GP/MM and a Fund are newly-formed entities and have no operating history upon which prospective investors can evaluate their anticipated performance.

**Dependence on the Adviser, the General Partner / Managing Member and Certain Personnel**

A Fund will be dependent on the activities of the investment team and will be particularly dependent upon the key person. The GP/MM will have sole discretion over the investment of the capital committed to a Fund, as well as the ultimate realization of any profits. Therefore, a Fund and the investors will be relying on the management expertise of the key person in identifying, acquiring, administering and disposing of a Fund's investments. The loss of any individual member of the investment team or of the GP/MM itself could have a material, adverse effect on a Fund. Additional members may be admitted to the GP/MM following a Fund's initial closing, and the investors will have no power to prevent any specific person from being admitted to the GP/MM as a member thereof. If for any reason the key person should cease to be involved in the investment management of a Fund or if the GP/MM is removed pursuant to the Governing Documents, suitable replacements may be difficult to obtain, with the result that the performance of a Fund may be adversely affected. There can be no assurance that each of the investment professionals previously affiliated with a Fund, the GP/MM the Adviser or their affiliates will continue to be affiliated with a Fund and the GP/MM throughout a Fund's anticipated term.

**Changes in Environment**

A Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which a Fund operates is expected to undergo substantial changes, some of which may be adverse to a Fund. The GP/MM will have the exclusive right and authority to determine the manner in which a Fund shall respond to such changes, and investors generally will have no right to withdraw from a Fund or to demand specific modifications to a Fund's operations in consequence thereof. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by members and equity holders of the GP/MM in the past may not be successful, or even practicable, during a Fund's term. The GP/MM will have the right and authority to cause a Fund's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in these Risk Factors.

**No Investment Company Act Registration**

While a Fund may be considered similar to an investment company, it does not intend to register as such under the Investment Company Act (in reliance upon an exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) thereunder, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked clearly to identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) are not applicable.

**Profits Interest**

The allocation of a percentage of a Fund's net profits to the GP/MM and the existence of the profits interest may create an incentive for the Adviser, an affiliate of the GP/MM, to cause a Fund to make investments that are riskier or more speculative than would be the case if the profits interest were not made. However, this incentive may be tempered by capital contributions made by the members of the Adviser or its affiliates.

**Non-Disclosure of Positions**

While a Fund will seek to offer investors as much transparency as it deems prudent, in an effort to protect the confidentiality of its positions, a Fund generally will not disclose all of its positions to investors on an ongoing basis. However, a Fund, in its sole discretion, may permit such disclosure on a select basis to certain investors if a Fund determines that there are sufficient confidentiality agreements and procedures in place. In addition, the Adviser may, from time to time, conduct periodic meetings or teleconferences with certain prospective and existing institutional investors to discuss additional information that is not provided to all investors.

**Use of Alternative Investment Vehicles**

To the extent necessary to address tax, regulatory or other strategic considerations, the GP/MM or its affiliates has the authority to structure, and to cause investors to participate in, particular investments through alternative investment vehicles other than a Fund. While the economic and other substantive provisions governing any alternative investment vehicle are intended to be substantially the same as those of a Fund, the rights of the investors as investors in, and the obligations and duties of the Adviser or its affiliates as general partner or manager of, the alternative investment vehicle may differ from those applicable to a Fund by virtue of the specific terms, or jurisdiction of establishment of, the alternative investment vehicle. In addition, the structural attributes of certain alternative investment vehicles may result in divergent return characteristics for certain investors.

**Capital Calls**

Capital calls will be issued by the GP/MM from time to time at the discretion of the GP/MM, based upon the GP/MM's assessment of the needs and opportunities of a Fund. To satisfy such capital calls, investors may need to maintain a substantial portion of their commitment in assets that can be readily converted to cash. Except as specifically set forth in the Governing Documents, each Investor's obligation to satisfy capital calls will be unconditional. An investor's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of a Fund or upon any assessment thereof provided by the GP/MM. Notwithstanding the foregoing, the GP/MM will not be obligated to call 100% of the investor's commitment during a Fund's term. Under certain circumstances, the GP/MM may refund all or a portion of the investors' capital contributions and such refunded amounts will not constitute contributions to capital of a Fund and, accordingly, will remain uncalled capital commitments, fully available to be drawn down by the GP/MM from time to time pursuant to the Governing Documents.

**Consequences of Default**

If an investor fails to pay in full any requested capital contributions, the GP/MM may take certain actions that may result in a sale of such investor's interest in a Fund or a forfeiture of all or a portion of such investor's interest in a Fund. Additionally, the GP/MM may pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount, including attorneys' fees, to be paid by such defaulting investor. The GP/MM will be granted additional powers to deal with defaulting investors

in the Governing Documents. If an investor fails to pay any of its capital commitment when due, and the capital contributions and unused capital commitments of non-defaulting investors and borrowing by a Fund are inadequate to cover the defaulted capital contribution, a Fund may be unable to pay its obligations when due. As a result, a Fund may be subjected to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). In addition, the non-defaulting investors may be required to increase their contributions to the investment resulting in the defaulted Capital Contribution and in respect of subsequent Fund investments which, in turn, will reduce the degree of diversification of such investors' investment in a Fund and increase such investors' risk of loss.

Some investors may participate in a Fund through their own special purpose vehicles or other structures that have the effect of limiting a Fund's recourse against such investors for amounts not paid or contributed.

Notwithstanding the foregoing, the GP/MM generally will be under no obligation to confirm the creditworthiness of any investor before or after admitting such investor to a Fund as an investor, nor will the GP/MM be under any obligation to exclude from a Fund any investor based on creditworthiness-related considerations.

#### **Restrictions on Transferability and Withdrawal**

Interests will not be registered under the Securities Act or any state securities laws and may not be transferred unless registered under applicable United States federal and state securities laws or unless an exemption from such laws is available. The interests are not transferable, divisible or otherwise encumberable, except with the prior written consent of the GP/MM, which may be withheld in its sole and absolute discretion. In addition, investors may not make full or partial withdrawals from a Fund except in very limited circumstances.

#### **Effects of Health Crises and Other Catastrophes**

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, may have an adverse effect on a Fund and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for a Fund's portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

#### **No Separate Counsel; No Responsibility or Independent Verification**

Seward & Kissel LLP represents the GP/MM, the Adviser and the Funds. A Fund does not have counsel separate and independent from counsel to the GP/MM. Seward & Kissel LLP does not represent investors in a Fund, and no independent counsel has been retained to represent investors in a Fund. Seward & Kissel LLP is not responsible for any acts or omissions of the GP/MM, the Adviser and a Fund (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or



advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the GP/MM, the Adviser or a Fund.

### **Potential Conflicts of Interest**

The Adviser will use its best efforts in connection with the purposes and objectives of a Fund and will devote so much of its time and effort to the affairs of a Fund as may, in its judgment, be necessary to accomplish the purposes of a Fund. Any member of the Adviser or its affiliates may conduct any other business, including any business within or outside the securities industry, whether or not such business is in competition with a Fund. Without limiting the generality of the foregoing, any member of the Adviser or its affiliates may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts (collectively, the "Other Clients") may have investment objectives or may implement investment strategies similar or different to those of a Fund. In addition, the members of the Adviser or its affiliates may, through other investments, including other investment funds, have interests in the securities in which a Fund invests as well as interests in investments in which a Fund does not invest. The members of the Adviser or its affiliates may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to a Fund. To the extent a particular investment is suitable for multiple clients, such investments will be allocated between such clients pro rata in a manner that the members of the Adviser or its affiliates determine is fair and equitable under the circumstances to all clients.

A Fund may, from time to time, make multiple investments in a portfolio company whether in different parts of the capital structure (e.g., equity and debt) or otherwise. Additionally, a Fund may, from time to time, make an investment in a portfolio company in which one or more clients may have or make investments whether in different parts of the capital structure of such company or otherwise. To the extent that a Fund holds securities in a portfolio company with rights, preferences and privileges that are different than those held by other clients in the same portfolio company, the Adviser expects to be presented with decisions when the interests of a Fund and the Other Clients are in conflict. It is possible that in a bankruptcy proceeding, out-of-court restructuring or other corporate action, a Fund's interest may be subordinated or otherwise adversely affected by virtue of the other clients' involvement and actions relating to its investment. As a result, the Adviser may have a conflict with respect to voting the securities of such issuers and other matters relating to various investments. The Adviser will seek to address such conflicts in a manner that it believes to be fair and reasonable to a Fund and its other clients over time and based on the particular factual circumstances.

In addition to the full-time investment professionals of the Adviser, the Adviser and its affiliates also from time to time engage or arrange for the engagement and retention by a Fund or a portfolio company of senior advisors, operating partners, advisers, consultants, and other similar professionals (together, "Consultants") who are not current employees or affiliates of the Adviser (but they may be former employees or affiliates of the Adviser). The Consultants assist with evaluating new transactions, serving as executives or board members of portfolio companies, providing strategic insights related to portfolio company or portfolio management matters, financial and structuring advice and performing other services for the Adviser, a Fund or the portfolio companies. While Consultants may be referred to as "Operating Partners" or "Senior Advisors" they are not employees of the Adviser or any of its affiliates, but rather consultants engaged by the Adviser or by or on behalf of a Fund or a portfolio company of a



Fund. Such Consultants may provide services exclusively to the Adviser and a Fund. In certain cases a Consultant may be a former employee of the Adviser but may remain a member of one or more GP/MM of a Fund.

The compensation (including, without limitation, salary and bonuses) of such Consultants is generally apportioned among a Fund and/or the applicable portfolio company (or companies) with respect to which such Consultant provides services. Such compensation may be linked to the performance of the applicable portfolio investment, portfolio company or a Fund's investments therein. A Fund's share of any retainers, success fees, salaries, bonuses or other fees charged by Consultants ("Consultant Fees") will be treated as a Fund expense borne by a Fund (whether paid by a Fund directly or by the Adviser and subsequently reimbursed by a Fund). While the Adviser believes such Consultant Fees are reasonable for the relevant services provided, Consultant Fees may not always be comparable to costs, fees and expenses charged by other third parties. In addition to such fees, a Fund or the applicable portfolio company will also generally bear any travel costs or other out-of-pocket expenses incurred by the Consultants in connection with the provision of their services. Office, accounting, network, administration and other support benefits may be provided by the Adviser to the Consultants without charge to a Fund or the applicable portfolio company. If a service provider provides services to a Fund on the property of the Adviser, a Fund may also be responsible for any overhead, rent or other fees, costs and expenses charged by the Adviser in connection with an on-site arrangement.

The Adviser may also provide companies in which a Fund invests with management or operating personnel or other management or consulting services and access to its Portfolio Operations Group, which can provide operational support to management of portfolio companies. The "Portfolio Operations Group" is a team of professionals employed by the Adviser with operational experience who seek to work with portfolio company management to improve operation of portfolio companies. The compensation (including, without limitation, salary, bonuses, benefits, applicable overhead and related taxes) of the Portfolio Operations Group is generally apportioned among the applicable portfolio companies with respect to which the Portfolio Operations Group provides services. Such compensation may be linked to the performance of the applicable portfolio investment, portfolio company or a Fund's investments therein. Further, from time to time members of the Portfolio Operations Group and other principals and employees of the Adviser may also serve as employees (including full-time employees) of portfolio companies and may be compensated in such capacity. All such amounts will be portfolio company expenses borne by the applicable portfolio company and indirectly by a Fund, as applicable, and such amounts will not be "Transaction Fees" and thus will not offset or reduce the amount of the Management Fees otherwise payable to the Adviser by a Fund. While the Adviser believes such fees and expense reimbursements are reasonable for the relevant services provided, such fees and expense reimbursements are generally not negotiated at arm's length and may not always be comparable to costs, fees and expenses charged by other third parties. Accordingly, the Adviser has an incentive to select its Portfolio Operations Group to perform services for a Fund in lieu of third-party service providers that perform similar services.

Consultants, members of the Portfolio Operations Group and other principals and employees of the Adviser may be granted the right to participate alongside a Fund in transactions for which they provide advice. Such co-investment rights may result in a Fund investing less capital than it otherwise would have in such transactions. In addition, such Consultants, members of the Portfolio Operations Group and other principals and employees of the Adviser may invest directly in a Fund as investors.

Consultants, members of the Portfolio Operations Group and other principals and employees of the

Adviser may also serve on the boards of portfolio companies or as employees (including full-time employees) or consultants of portfolio companies in an operations capacity. Any directors' fees, salaries, Consultant Fees, other cash compensation, stock options or other compensation received by such persons in such capacities, except when paid to employees or affiliates of the Adviser for serving on the boards of portfolio companies, will be borne by the portfolio companies and indirectly by a Fund, will not be deemed paid to or received by the Adviser or its affiliates and therefore will not offset or reduce the amount of the Management Fees otherwise payable to the Adviser by a Fund.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/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 may result in "miles" or "points" or credit in loyalty/status programs to the Adviser and/or its personnel, and such benefits, rewards and/or amounts (whether or not de minimis or difficult to value), will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by a Fund, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with a Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as Fund expense for an Adviser personnel traveling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel.

A Fund will bear its own expenses as described in Section I, *"Summary of Principal Terms"*. Each other client would bear its own expenses as set forth in its respective investment management or other agreement with the Adviser or its affiliates. Expenses borne by the Other Clients may differ from the expenses borne by a Fund. In certain instances, a Fund may bear expenses that the Adviser has agreed to bear for one or more other clients. In other instances, the other clients may bear expenses that the Adviser has agreed to bear for a Fund.

Common expenses may, in the future, be incurred on behalf of a Fund and one or more other clients. The Adviser would seek to allocate those common expenses among a Fund and the other clients in a manner that would be fair and reasonable over time. However, expense allocation decisions would involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain clients). The Adviser may use various methods to allocate particular expenses among a Fund and the other clients depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, general amount of trading activity etc.). The determination as to the method or methods used may be based on relative use of the product or service, the nature or source of the product or service, the relative benefits derived by a Fund and the other clients from the product or service, or other relevant factors. Nonetheless, investors should note that the portion of a common expense that the Adviser allocates to a Fund for a particular product or service, may not reflect the relative benefit derived by a Fund from that product or service in any particular instance. The Adviser's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Adviser in good faith will be final and binding on a Fund.

#### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of the Adviser's advisory business or management.

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

As noted above, the Adviser is affiliated with each GP/MM that serves as a general partner or managing member to the Funds. The GP/MM and the Adviser operate as a single advisory business with common officers and employees.

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

The Adviser has adopted a Code of Ethics, which is designed to help ensure that the Adviser conducts business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, the Code of Ethics sets forth standards of conduct for employees to ensure that they conduct their business on our behalf in a manner that enables the Adviser to fulfill its fiduciary duty to clients.

The Code of Ethics governs personal trading by employees, including certain preclearance and reporting requirements. In addition, the Code of Ethics sets forth the manner in which employees may report violations of law or the Adviser's policies and procedures. An investor or prospective investor may request a copy of our Code of Ethics.

In addition to the Code of Ethics, the Adviser has adopted policies and procedures to provide standards related to the giving or receiving of gifts and entertainment, employee political contributions, outside business activities, and other matters for the Adviser's business.

*Personal Trading Policy*

Employees must obtain pre-clearance from the Chief Compliance Officer (the "CCO") prior to engaging in any transactions in (i) private placements or limited offerings and (ii) initial public offerings. Additionally, employees will be required to provide the CCO with periodic reporting relating to their trading activity and personal accounts. The Adviser's policies relating to personal trading will also generally apply to any account where an employee has beneficial ownership over such account. This includes an employee's spouse or minor child, or an immediate family member of an employee living in the same household as such employee.

Employees are prohibited from transacting in any issuers that are listed on the Restricted List maintained by the CCO.

*Participation or Interest in Client Transactions*

Employees will make personal investments in the Funds. Investments made by employees are not charged a management fee or carried interest, but employees do pay their pro-rata portion of all expenses allocated to the Fund in which they have invested. Employees' investments are otherwise made on the same terms and conditions as other investors in the Funds.

The Adviser does not anticipate engaging in principal transactions. However, if circumstances change in the future, the Adviser will not engage in any principal transactions unless it has determined that the transaction is in the relevant clients' best interests and have obtained client consent in accordance with the Adviser's written procedures and applicable law.

**Item 12. Brokerage Practices***Selection of Brokers*

The Adviser's advisory business generally involves privately-negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly-traded securities. With respect to such private transactions, the Adviser fulfills its best execution responsibilities through careful evaluation and negotiation of the terms of each such transaction.

The Funds will not typically invest in public securities. However, there may be situations in which we place a trade through a broker. When selecting a broker-dealer for a Fund transaction, the Adviser will seek "best execution" and will consider a number of factors during such selection, which may include, among others: execution capability, execution quality, commission rate, financial responsibility and financial services offered, willingness and ability to commit capital, confidentiality, trading expertise, facilities, reputation and integrity, reliability in keeping records, responsiveness, and with respect to a particular trade, the timing and size of the order, available liquidity and market conditions.

During the last fiscal year, the Adviser did not acquire any products or services with client brokerage commissions (or markups or markdowns).

*Research and Other Soft Dollar Benefits*

The Adviser does not currently have any formal soft dollar arrangements. If the Adviser determines to engage in soft dollar transactions in the future, the Adviser intends to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

*Brokerage for Client Referrals*

To the extent that the Adviser trades in securities through brokers, the Adviser does not expect that it would direct client brokerage business to brokers that refer prospective investors to the Adviser.

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

It is the investment team's responsibility to understand which investment restrictions apply to which Funds under its management, and to ensure that any transaction for a Fund is consistent with the investment restrictions applicable to that Fund. In addition to ensuring that each investment, including follow-on investments, made for a Fund is consistent with the Fund's investment restrictions, each investment team, in conjunction with the Chief Compliance Officer, is responsible for the periodic review of the holdings of the Funds they manage.

*Reporting*

The Adviser will furnish investors in the Funds with periodic written unaudited performance reports as set forth in their Governing Documents. In addition, on an annual basis, investors receive a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

In addition, investors are provided with certain information about us and the Funds in response to questions and requests. This information may not be distributed to other investors or prospective investors. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by the Adviser is sufficient for its needs.

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

We do not expect that we will receive any economic benefits from third parties in connection with the provision of investment advice to the Funds.

The Adviser compensates certain third parties for referrals that result in a potential investor becoming an investor in a Fund. Fees payable to such placement agent are borne by the Adviser either directly or indirectly through an offset against Management Fees paid by the relevant Fund.

**Item 15. Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), the Adviser is deemed to have custody over the Funds’ assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds’ audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) the Adviser delivers such annual audited financial statements to investors within 120 days after the end of each Fund’s fiscal year.

**Item 16. Investment Discretion**

The Adviser has discretionary authority to manage securities and other investments on behalf of the Funds. The investors in the Funds generally will not be able to place any limits on our authority beyond the limitations set forth in their respective Governing Documents. Under certain circumstances, the Adviser may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We would negotiate such arrangements on a case-by-case basis.

**Item 17. Voting Client Securities**

The Funds generally invest in private companies which typically do not issue proxies. Under certain limited circumstances, however, the Adviser may be required to vote proxies solicited by our Funds’ portfolio companies. In these situations, the Adviser will vote proxies in the best interest of the Funds, which generally means voting to maximize the value of the portfolio companies for the Funds.

To the extent that the Adviser trades in or holds public securities in a Fund, the Adviser will generally have voting discretion over such securities. Clients are not able to direct their votes in a particular situation. The Adviser has adopted proxy voting policies and procedures, which are summarized below.

The Adviser will vote all proxies in the best interests of each Fund. In addition, the Adviser may determine to abstain from voting a proxy if such action is in the best interests of a particular Fund. We take into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular Fund: (i) management of the issuer’s views and recommendations on such proposal; (ii) whether the proposal may have the effect of entrenching existing management and/or making

management less responsive to shareholders' concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (iii) whether the proposal will fairly compensate management for its and/or the issuer's performance. If the issue being voted upon is not material for clients or the cost of voting a proxy would exceed the expected benefit to clients, the Adviser will not be obligated to vote on such matter.

Upon the request by an investor, we will disclose to such investor how the Adviser voted proxies for securities owned by such Fund. The Adviser will also provide a copy of our proxy voting policies and procedures to clients upon request.

**Item 18. Financial Information**

The Adviser does not collect management fees more than six months in advance. As such, the Adviser is not required to include our balance sheet for its most recent fiscal year with this Brochure.

**Item 19. Requirements for State-Registered Advisers**

The Adviser is not a state-registered adviser.