



**Benford Capital Partners**

**Benford Capital Partners Management, L.P.**

121 West Wacker Drive  
Suite 650  
Chicago, IL 60601

T: 312-932-0200  
F: 312-932-0220

[www.benfordcapital.com](http://www.benfordcapital.com)

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Benford Capital Partners Management, L.P. (“Benford Capital Partners”). If you have any questions about the contents of this Brochure, please contact us at (312) 932-0200. 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 authority.

Benford Capital Partners is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

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

## **Item 2 – Material Changes**

Since Benford Capital Partners' last annual brochure filing on March 30, 2023, Benford Capital Partners has started investing out of its second pooled investment funds, Benford Capital Partners II, L.P. and Benford Capital Partners II-A, L.P. See Item 4- Advisory Business for additional information relating to this material change.

Item 5 – Management Fees has been updated to include a more robust discussion of the calculation of Management Fees and Transaction Fees.

Section 8 has been updated with information on the risks and conflicts of the use of subscription lines of credit.

## **Item 3 – Table of Contents**

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#### **Item 4 – Advisory Business**

Benford Capital Partners Management, L.P. (“Benford Capital Partners” or the “Firm”) is a limited partnership formed under the laws of the State of Illinois. The Firm commenced operations in 2020. Except where specified, references to Benford Capital Partners in this Brochure collectively refer to Benford Capital Partners and its affiliates. Edward Benford and Benjamin Riefe are each a limited partner in Benford Capital Partners. Benford Capital Partners is controlled by Benford Capital Partners Management, LLC which acts as the general partner of Benford Capital Partners. Benford Capital Partners Management, LLC is owned equally by Edward Benford and Benjamin Riefe. Edward Benford and Benjamin Riefe are referred to as “Principals” hereinafter.

Benford Capital Partners is a private equity firm focused on buying and building lower middle market companies, focusing on privately held businesses with \$1 million to \$10 million of EBITDA. Benford Capital Partners broadly focuses on investments in (i) industrial technology, (ii) business-to-business (“B to B”) direct marketing, (iii) consumer packaged goods (“CPG”), and (iv) agricultural products and services. Additionally, Benford Capital Partners will opportunistically consider investments in other niche markets that meet the Firm’s investment screening criteria.

Benford Capital Partners, and its affiliated entities, primarily provide advisory services to private equity funds. Currently, Benford Capital Partners provides advisory services to four funds – Benford Capital Partners I, L.P., Benford Capital Partners I-A, L.P., Benford Capital Partners II, L.P. and Benford Capital Partners II-A, L.P. (each a “Fund,” and collectively the “Funds”). The Funds are privately offered to qualified investors in the United States and elsewhere.

Benford Capital Partners I GP, LP and Benford Capital Partners II, GP, LP (each a “General Partner” and together with any future affiliated general partner entities, the “General Partners”), entities affiliated with Benford Capital Partners through common ownership, act as the general partners of the Funds. The General Partners maintains ultimate authority over the respective Fund and delegate investment advisory services to Benford Capital Partners.

Additionally, Benford Capital Partners may, in its sole discretion, form additional investment vehicles (“Co-Investment Fund”) for the purposes of allowing one or more Fund investors (but not necessarily all Fund investors) and/or other persons (including Executive Partners, as described in more detail in Item 8, members of Benford Capital Partners’ Operations Group, and any of the Firm’s members and/or affiliates of the General Partner) to invest alongside the Funds in a single investment.

Between 2004 and 2019, the Principals raised 15 independent investment vehicles and invested approximately \$56 million of capital in aggregate. Benford Capital Partners, LLC, an affiliate of Benford Capital Partners Management, L.P., serves as the manager of these investments (“Pre-Fund Investments”). Each Pre-Fund Investment is structured as a separate legal entity with unique ownership specific to the investment.

The Funds, Co-Investment Funds and Pre-Fund Investments shall be referred to herein as “Clients.” For the avoidance of doubt, Benford Capital Partners does not offer or provide investment advice to any individual persons or to investors in any of the Funds, Co-Investment Funds or Pre-Fund Investments.

Benford Capital Partners, the General Partners and Benford Capital Partners, LLC operate a single advisory business and are deemed registered and subject to the Advisers Act pursuant to Benford Capital Partners Management L.P.’s registration in accordance with SEC guidance.

Clients invest through privately negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Benford Capital Partners’ investment advisory services to Clients consists of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments, and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies or publicly listed securities are permitted under certain conditions (most likely in the event of Benford Capital Partners taking an investment public). From time to time, the Principals or other investment professionals of Benford Capital Partners may serve on portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which Clients have invested.

Benford Capital Partners’ advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “Memorandum”), limited partnership agreement or other operating agreements or governing documents (each, a “Partnership Agreement” and, as applicable, together with any relevant Memorandum, the “Governing Documents”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.”

Benford Capital Partners does not tailor its advisory services to the individual needs of investors. The Firm’s investment advice and authority for each Client is tailored to the investment objectives of that particular Client. For the Funds, the Firm does not seek or require investor approval regarding each investment decision; however, for the Pre-Fund Investments, investors fund a specific amount of capital in each deal and receive a right of first refusal for follow-on investments in an amount pro rata to their committed capital. Investors in the Funds participate in the overall investment program for the applicable Fund. Investors generally cannot impose restrictions on investments made by Benford Capital Partners. However, an investor may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement or an applicable side letter. The Funds or the General Partners have entered into side letters or other similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Partnership Agreement with respect to such investors.

As of December 31, 2023, the Firm managed \$547,619,888 in client assets, all on a discretionary basis.

## **Item 5 – Fees and Compensation**

The following is a general description of fees, compensation and expenses for each Client. Differences exist between Clients, and certain Clients are not charged certain fees, compensation or expenses that other Clients are charged. In addition, Benford Capital Partners is permitted, in its sole discretion, to waive or reduce an investor's management fee or carried interest allocation. In certain circumstances, disclosed more fully in this Brochure and the Client's Governing Documents, Benford Capital Partners receives additional compensation in connection with management and other services performed for portfolio companies. Such additional compensation generally will reduce, in part, the management fees otherwise payable to Benford Capital Partners. Investors also bear certain expenses, as described below. In addition, the portfolio companies reimburse Benford Capital Partners or the Clients for certain expenses advanced on their behalf. Investors should refer to the Governing Documents of the applicable Client for a complete understanding of how Benford Capital Partners is compensated for its advisory services and what expenses the Client pays or reimburses. The information contained herein is a summary only and is qualified in its entirety by each Client's Governing Documents.

### **Management Fees**

Benford Capital Partners charges a management fee (the "Management Fee") to the Funds' investors. The Management Fee is generally 2% per annum, initially calculated based upon each investor's committed capital ("Commitments") for the period of time during which the relevant Fund is making investments (the "Investment Period"); thereafter, the Management Fee is equal to a percentage of each investor's outstanding invested capital, subject to various other factors. Investors who participate in a subsequent closing after the initial closing of a Fund are responsible for paying the Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable. Management Fees are negotiated with investors during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. The Management Fee will be reduced when the Investment Period, as defined in the Funds' Governing Documents, expires (the "Stepdown Date"), or when Benford Capital Partners begins to accrue Management Fees with respect to a new Fund, or six months after the occurrence of events specified in the Funds' Governing Documents.

The Partnership Agreements provide that a Fund's Management Fees will be calculated and charged on a basis that is generally not tied to the Fund's then-current net asset value. As further specified in the Partnership Agreements, from the effective date of the relevant Fund until a date specified in the Partnership Agreements, i.e. the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the relevant Fund relating to investments that have not been realized or completely written off for U.S. federal income tax purposes (such investments, "Impaired Value Investments").

Under the Partnership Agreements, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Partnership Agreements do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale of divided distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Partnership Agreements. For the avoidance of doubt, following the Stepdown Date, if fair market value of an Impaired Value Investment is less than the total amount of

investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such investment will be reduced solely based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s) as of the date of the relevant event.

As a result, and as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or of the Fund, including following the relevant investment period, and will not be reduced in connection with any writedowns (whether temporary or permanent), except in the case of Impaired Value Investments. Except where the Partnership Agreements expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or reorganization, restructurings, roll-over investments, extraordinary dividends or similar transactions, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

Management Fees differ among investors in the Funds. Such differences can arise from different investor classes. Benford Capital Partners, in its sole discretion, may exempt or waive all or some portion of the Management Fee. In particular, fees are generally waived for affiliated investors and Benford Capital Partners employees and affiliates investing in a Fund (however such investors generally pay their pro rata share of certain Fund expenses).

For the Pre-Fund Investments and Co-Investment Funds, no Management Fee is charged to investors with respect to committed or invested capital (but again, such investors generally pay their pro rata share of certain expenses).

Management Fees are non-refundable and are generally paid on a quarterly basis in advance. The Funds are closed-ended investment vehicles intended for a long-term investment. Accordingly, Management Fees are expected to be paid, except as otherwise described in the relevant Governing Documents, and investors generally are not permitted to withdraw or redeem interests in any Fund.

To the extent specified in the Fund's Partnership Agreement, Benford will be permitted to receive certain Transaction Fees (as defined in the applicable Fund's Partnership Agreement), which include closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from unconsummated transactions, monitoring fees, consulting fees and directors' fees, but only to the extent such fees are net of the Benford's expenses incurred in connection with the generation of such fees, as provided in the applicable Partnership Agreement. A Fund's Governing Documents generally will provide that Transaction Fees received by Benford and attributable to a Fund's investment in a portfolio company will be credited against Management Fees otherwise owed to Benford in a specified percentage. The remaining amount of such Transaction Fees will be retained by Benford. To the extent that such an offset credit would reduce the Management Fee for a given three-month period below zero, the credit will be carried forward for future application against payable Management Fees. If a credit remains as of the liquidation of the Fund (or upon certain other events set forth in the applicable Partnership Agreement), a payment will be made crediting limited partners unless a limited partner has elected to waive such payment (e.g., where an adverse tax consequence may result). Certain Funds may provide in their Partnership Agreements that all Transaction Fees received after a specified time will not be subject to any offset or rebate.

Transaction Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Transaction Fees paid prior to the Fund's acquisition, or following the Fund's disposition, of the relevant investment. Similarly, to the

extent a former Benford employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the Management Fee, whether or not such former employee has a remaining interest in the relevant Fund's General Partner or affiliated entity. Conversely, in the event that Benford employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with Benford, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter. Each of the foregoing conditions described in the Governing Documents is expected to reduce the amount of Transaction Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to Benford over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for Benford to seek to increase such amounts.

### **Management Fee Offset**

The Management Fee due to Benford Capital Partners may be reduced or offset by certain fees and expenses reimbursed or paid to Benford Capital Partners (e.g. transaction fees, organizational expenses, expenses of the General Partners or Benford Capital Partners, Executive Partners, Operations Group and consulting and professional fees). Management Fees are generally reduced by (i) placement fees, (ii) costs incurred by Benford Capital Partners in connection with the organization of a Fund that exceed the limit as specified in such Fund's Governing Documents and (iii) certain supplemental fees and compensation with respect to Fund investments, including break-up fees, directors' fees, transaction fees (including closing fees, investment banking fees, consulting fees, placement fees and other similar fees), monitoring fees and consulting fees, the amount of which are paid by the applicable Fund (directly, or indirectly by the portfolio companies) and are determined by Benford Capital Partners on a transaction-by-transaction basis, subject to the terms set forth in each Client's Governing Documents.

The Governing Documents set forth a full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specific therein.

In certain circumstances more fully described in the Funds' Governing Documents, Management Fees assessed during a calendar year will be reduced after specific transaction and monitoring fee thresholds are reached.

Fund Management Fee reductions are applied to the quarterly period immediately succeeding the quarterly period (or other applicable preceding period) in which the offset was received. In the event that the aggregate amount of offsets to be applied against the Management Fee exceeds the Management Fee payable for the immediately succeeding quarterly period, the excess shall be carried forward to reduce the Management Fee payable in following quarterly periods. If a credit remains upon dissolution, a payment will be made to investors that have not elected to waive such amount for tax or other reasons. The amount and manner of such reduction is set forth in Governing Documents of the Funds.

Investors in a Co-Investment Fund generally do not pay Management Fees (however, such co-investors generally pay their pro rata share of certain expenses). Thus, Benford will retain the portion of fees allocable to the Co-Investment Funds without reduction.



## **Carried Interest**

Benford Capital Partners is entitled to receive carried interest ("Carried Interest") with respect to certain Clients equal to 20% of all realized profits subject to an 8% compound preferred return and including a "catch up" provision, as more fully described in the applicable Governing Documents. Each Client's Carried Interest calculation as well as any clawback provisions are further described in full detail in the relevant Fund's Governing Documents.

Investors in the Co-Investment Funds who are not Fund investors or otherwise not affiliated with Benford Capital Partners may be subject to Carried Interest.

For more information on Carried Interest and performance fees see "Item 6 – Performance-Based Fees and Side-by-Side Management."

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

As described in Item 5 - “Fees and Compensation,” Benford Capital Partners receives a carried interest allocation on certain realized profits derived from its advisory activity. Distributions by a Client in respect of Carried Interest reduce amounts that would otherwise be available for distribution to the investors in such Client. As a result of this performance-based compensation Benford Capital Partners and certain Benford Capital Partners personnel are subject to potential conflicts of interest.

Benford Capital Partners manages multiple Clients or other investment vehicles with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to Benford Capital Partners’ allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. The payment by some, but not all, Clients of Carried Interest, or the payment of Carried Interest at varying rates (including varying effective rates based on, for example, past performance of a Fund or varying arrangements regarding the return or payment of certain contributions or expenses), has the potential to create an incentive for Benford Capital Partners or its employees to disproportionately allocate time, services or functions to Clients paying Carried Interest or Funds paying Carried Interest at a higher effective rate, or to allocate investment opportunities to such Clients.

Additionally, to the extent that the Adviser’s personnel are assigned varying percentages of Carried Interest from the Clients, Benford Capital Partners and such personnel are subject to potential conflicts of interest in identifying opportunities as appropriate for Clients from which they are entitled to receive a higher Carried Interest percentage. Generally, and subject to the Governing Documents of the Clients, this conflict is mitigated by (i) restrictions during the investment period of certain Clients on the formation of another investment vehicle with substantially similar investment objectives, unless investors consent in accordance with the Governing Documents of the relevant Client(s); and (ii) policies that provide that investment opportunities will be allocated to Clients in accordance with each Client’s investment guidelines and governing agreements, as well as other factors that do not include the amount of performance-based compensation received by Benford Capital Partners or any personnel.

Clients’ Governing Documents generally require senior employees of Benford Capital Partners to devote substantially all of their business time to the affairs of Benford Capital Partners’ current Client(s), subject to certain exceptions set forth in Client Governing Documents, until Benford Capital Partners is eligible to launch new funds, and thereafter such persons are generally required to continue to devote an appropriate amount of business time to the affairs of Clients and such business time to any other Clients as required by the Governing Documents of such Clients.

The existence of performance-based compensation has the potential to create an incentive for Benford Capital Partners to make more speculative investments on behalf of a Client than it would otherwise make in the absence of such arrangement, although Benford Capital Partners generally considers performance-based compensation to better align its interests with those of its Clients and investors. In addition, Benford Capital Partners personnel have invested significantly in the Funds further aligning their interests with Clients and the Funds’ investors.

Benford Capital Partners may also manage ad hoc co-investment vehicles that are not charged performance-based compensation or are charged performance-based compensation in lower percentages or with higher preferred return amounts that must be met before Benford Capital Partners is compensated. Benford Capital Partners does not believe this practice presents a conflict

of interest because such Co-Investment vehicles are designed to make only one investment, which is disclosed to its investors in advance.

## Item 7 – Types of Clients

Benford Capital Partners currently provides investment advisory services to the Pre-Fund Investments, the Funds and Co-Investment Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the Investment Company Act of 1940 (the “Investment Company Act”). Investors in the Funds are generally “accredited investors” as that term is defined in Regulation D promulgated under the Securities Act, and/or “qualified purchasers” or “knowledgeable employees” as defined in the Investment Company Act, and generally include, among others, high net worth individuals, banks, thrift institutions, sovereign wealth funds, family offices, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships, limited liability companies, other private investment funds and other legal entities. In some cases, service professionals from other professional services firms may be investors in a Fund, as well as executives of portfolio companies.

Fund investors may be required to commit a minimum amount of capital. Minimum capital commitments per fund are disclosed in the Governing Documents of the applicable fund.

The requirements for investors in the Funds, Pre-Fund Investments and Co-Investment Funds differ by entity. Pre-Fund Investment and Co-Investment Fund investors include individuals, other investment entities, university endowments, family offices, trusts, fund of funds, charitable organizations or other corporations or business entities and include, directly or indirectly, Principals or other employees of Benford Capital Partners and members of their families, portfolio company employees, advisory or other service providers retained by Benford Capital Partners.

As mentioned in Item 4, on occasion, Benford Capital Partners is, subject to need, permitted to establish Co-Investment Funds to invest alongside a Fund in a portfolio company. Opportunities to participate in co-investment transactions arise when Benford Capital has the opportunity for an investment in an existing or prospective portfolio company and determines that (i) an investment requires additional capital, (ii) all or a portion of the opportunity is not required or able to be offered to a participating Fund, (iii) the portfolio company would potentially benefit from the participation of specific co-investors, or (iv) the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund’s Governing Documents or otherwise. Such co-investment determinations are based on the provisions of the applicable Governing Documents, side letter agreements and such other factors as Benford Capital Partners will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. Opportunities to invest in a portfolio company are made available to select persons or entities, who will not necessarily be Fund investors, including, without limitation, strategic investors, lenders, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), Fund investors, service providers, portfolio company employees, other persons or entities affiliated, and associated or otherwise known to Benford Capital Partners or its personnel. Additionally, certain individuals who source transactions or provide financing for a transaction may negotiate co-investment rights or co-investment priority rights as a component of their compensation or other arrangements with the relevant Fund(s). Benford Capital Partners’ exercise of discretion in allocating co-investment opportunities often will not result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When Benford Capital Partners determines to offer a co-investment opportunity, it is possible that the size of the investment

opportunity otherwise available to a Fund (or Funds) will be less than it would otherwise have been without the inclusion of such co-investors.

In the event Benford Capital Partners is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, a Fund is likely to consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Client more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. Thus, an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Client's overall investment returns.

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

Benford Capital Partners is a Chicago-based private equity firm focused on buying and building leading lower middle market companies in partnership with founders and management. Benford Capital Partners seek to identify “Microcap” businesses that meet the Firm’s investment criteria, recruit industry experts and Executive Partners to help evaluate the opportunities and manage each company, and seeks to invest in and professionalize each business to maximize equity value creation over the long-term.

Benford Capital Partners has instituted a disciplined investment approach focused on lower middle market investing. Benford Capital Partners believes that the “Microcap” segment (companies with \$1 million to \$10 million of EBITDA) in the United States offers a large and attractive market for investment given the abundance of targets, comparatively inefficient or lightly competitive sale processes, and a prevalence of under-managed companies with addressable operational improvement opportunities.

Benford Capital Partners primarily targets companies in the following industries: (i) industrial technology, (ii) Business to Business direct marketing, (iii) Consumer Packaged Goods and (iv) agricultural products and services. Benford Capital Partners also opportunistically evaluates potential investments in other industry niches where the Firm believes it can identify a favorable risk/return profile. Benford Capital Partners seeks defensible niche leaders that the Firm believes it can help transform and scale, and opportunities to build bigger companies that can become attractive assets for larger strategic and financial buyers over time.

Benford Capital Partners has a primary interest in acquiring founder or family-owned companies where Benford Capital Partners represents the first institutional capital invested in the business, which Benford Capital Partners believe allows it to make a significant and positive impact by leveraging its value creation process. Utilizing this process, Benford Capital Partners believe it can create meaningful value through complementary partnerships with these companies. These families and/or family owners/managers typically have tremendous industry knowledge and market-specific customer relationships but benefit greatly from experienced professional investors that can help scale the organization to levels not achievable on their own.

### Investment Strategy

#### ***Deal Sourcing/Investment Screening***

Benford Capital Partners focuses on sourcing deals through both a robust network of investment bankers as well as direct outreach to business owners. Benford Capital Partners’ industry knowledge serves as a competitive advantage in the following ways: (i) a better understanding of the trends and competitive landscape in each sector garnered through the Principals’ direct experience as well as a network of industry experts, (ii) development of a strong pipeline of add-on acquisitions, and (iii) cultivation of relationships with potential acquirors of future Benford Capital Partners portfolio companies. Benford Capital Partners believes that its three-pronged sourcing approach has created attractive investment opportunities at below-market valuation levels. A proactive and methodical process to seek to engage directly with prospective future sellers and develop creative transaction structures that align the goals of both Benford Capital Partners and the seller partners has historically led to attractive investment opportunities.

Benford Capital Partners conducts a robust diligence process involving its own internal process, the Benford Capital Partners’ Executive Partners and third parties. An investment will be consummated only after extensive review and evaluation has occurred resulting in an informed view of the target

company's industry dynamics, competitive position within such industry, management team skillset, paths to value creation, and potential needs for additional executives and board members.

The investment review process is led by Benford Capital Partners' investment professionals. In addition, the Principals utilize both their extensive network of industry professionals and an established network of professional advisory firms to assist in due diligence in areas including legal, accounting, environmental, insurance/risk, background checks, operations, strategy and market/competitor research. Each potential transaction is discussed by the Firm's investment professionals during this process. The investment review process includes a proprietary "scorecard" that Benford Capital Partners developed and refined in-house over time.

### ***Post-Closing Operations***

Benford Capital Partners seek to add value to portfolio companies through a disciplined operational improvement program which covers a multitude of elements, including: (i) bolstering the management team, (ii) enhanced financial reporting and metric management, (iii) business development, (iv) professionalization of the business, (v) increased revenue and EBITDA growth, and (vi) expansion into new product/service lines and customer bases. Benford Capital Partners is involved in recruiting and hiring senior executives across its portfolio companies and the Principals expect to regularly tap their network to bring world class talent to small companies that might not have access to such talent without the involvement of Benford Capital Partners. In addition, Benford Capital Partners invests heavily in product initiatives throughout its ownership period and offers portfolio companies technical talent to help management teams take meaningful steps in product features, reliability, scalability and competitive differentiation. To support sales growth, Benford Capital Partners helps portfolio companies determine the key metrics that are most predictive of long-term revenue growth and then build systems to track and report those metrics. Once a system is in place, Benford Capital Partners helps develop a process for hiring new salespeople and developing existing ones. After adequate systems and processes are in place, the focus shifts to accelerating sales and marketing investments and activities. Benford Capital Partners' external resources help its portfolio companies with CRM design and implementation, sales training and development, product marketing, branding and messaging, customer interviews and analysis, market segmentation and other sales and marketing related tasks.

### ***Monitoring and Exiting***

A key component of Benford Capital Partners' investment strategy involves identifying "Microcap" businesses that it believes are under-managed and could be built into a larger, more professional business with a stronger team, which would be attractive to a universe of strategic and financial buyers. Throughout the investment horizon, one of the goals of Benford Capital Partners is to build relationships with potential future buyers and influential sell side bankers who represent such buyers. The Principals believe that the development of these relationships can enhance the exit process opportunities.

The Principals believe their investment strategy of building compelling and professionally managed acquisition candidates while simultaneously developing relationships with potential strategic and financial buyers has historically led to the expansion in the EBITDA multiple at exit versus entry of its realized investments.

### **Risk of Investing**

Investing in securities involves a substantial degree of risk. A Client may lose all or a substantial portion of its investments and investors in the Clients must be prepared to bear the risk of a complete

loss of their investment.

An investment in each Client is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment with Benford Capital Partners. Investors in the Clients should also refer to the Governing Documents for a description of the risk factors specific to their investment.

#### Select Material Risks

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for Clients, include the following:

*Investments in Private Companies.* Investments by Benford Capital Partners are expected to consist primarily of 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.

*Unspecified Investments.* Clients and investors will be relying on the ability of Benford Capital Partners to locate and evaluate investments. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital markets, regulatory or political environment. There can be no assurance that Benford Capital Partners will be able to identify, or will be able to complete, portfolio company investments that satisfy the Clients' rate of return objectives or, if completed, realize such investments for fair or attractive values or that Clients will be able fully to invest the committed capital.

*Concentration of Investments; Lack of Diversification.* Clients will participate in a limited number of investments and Benford Capital Partners may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, Clients' investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, Clients may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. Benford Capital Partners and Clients will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Clients likely will be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel Benford Capital Partners or Clients.

To the extent that Clients encounter significant competition for investments, returns to investors may decrease. In addition, it is possible that Clients will never be fully invested if enough sufficiently attractive investments are not identified or consummated. Regardless of the extent to which the commitments of the investors are invested, investors will be required to bear management fees based on the entire amount of the investor's commitments and other expenses as set forth in Clients' Governing Documents.



*Early-Stage and Start-Up Investments.* Benford Capital Partners may make investments in start-up and early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments will be successful.

*Illiquidity of Investments.* The Clients' respective investments in portfolio companies generally will be illiquid and not readily marketable, and the transferability of such investments generally will be restricted under the terms of the documents governing such investments. There can be no assurance that any Client will be able to liquidate a particular interest in any portfolio company at the time and upon the terms it desires. Less marketable or illiquid investment positions are generally more difficult to value than more marketable assets, due to the unavailability of reliable market quotations and other factors. The ability of the Clients to successfully exit and achieve liquidity on their investments is dependent in large part on the condition of, and valuations available or reflected in, the public equity markets, and valuations available in privately negotiated transactions, generally, at the time, neither of which can be projected with any certainty. The sale of less marketable securities or other assets can sometimes require more time and result in lower prices, due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable assets. The disposition of illiquid assets has the potential to involve distributions in kind to the investors. After a distribution of securities in kind, it is possible that investors will, in their discretion, decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities are sold could, in some instances, be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of Carried Interest available to Benford Capital Partners with respect to such investment.

*Illiquidity; Lack of Current Distributions.* An investment by any investor should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Clients' ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, Client generally will not be able to return capital to investors or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While such an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Client, such as the Funds, (including the Management Fee payable to the General Partner or its designated affiliate) may exceed its income, thereby requiring that the difference be paid from the Clients' capital, including unfunded Commitments.

*Non-Controlling Investments.* The Clients will often hold a meaningful minority stake in a privately held company and in some cases, will have limited minority protection rights. In addition, during the process of exiting certain investments, a Client will at times hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Client holds would not necessarily have the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Client holds a minority stake, it will likely be more difficult for the Client to liquidate its interests than it would be had the Client owned a controlling interest in such company. Even if a Client has contractual rights to seek liquidity of its minority interests in such companies, it will generally be

difficult to sell such interests or seek a sale of such company upon terms acceptable to such Client, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Leveraged Investments; Borrowing.* Clients may make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Client's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt. The use of leverage may impose restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of Clients' investments to any deterioration in a portfolio company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Client. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, Clients may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect returns. Additionally, lenders would typically have a claim that has priority over any claim by Clients to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time it is desirable to sell all or a part of a portfolio company, Clients may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, Clients may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect Clients' ability to generate attractive returns. Any failure by lenders to provide previously committed financing could also expose Clients to potential claims by sellers of businesses which a Client or Clients may have been contracted to purchase. Moreover, the companies in which a Client or Clients will invest may not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Client will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Client's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

In some circumstances, Clients are expected to also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that Clients would be compensated for providing such guarantee or exposure to such liability. Any use of leverage by Clients may result in interest expense and other costs that may exceed, or otherwise not be covered by, distributions made or appreciation of its investments. Clients may incur leverage on a joint and several basis with one or more other investment funds and/or other entities managed by or otherwise affiliated with Benford Capital Partners (likely the General Partner) or any of its affiliates and, in connection with incurring such indebtedness, Benford Capital Partners (again, likely the General Partner) may, in its sole discretion, cause Clients to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when Clients were to seek to enforce any such right, any

such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent a Client incurs leverage (or provides any guaranty), such amounts may be secured by the capital commitments or other Client assets managed by Benford Capital. The inability of a Client to repay any leverage secured by the capital commitments could enable a lender to issue a capital call on behalf of Benford Capital Partners.

In addition, Benford Capital Partners expects the Fund to use borrowed funds in advance or in lieu of capital contributions or a portfolio company to borrow funds directly through a Fund facility, which will generally result in the investors making correspondingly later capital contributions. As a result, the Fund's or portfolio company's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investors' cash flows) and generally make net internal rate of return calculations higher than they otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions. While the Fund will ultimately bear the expense of borrowed funds, such borrowings can also increase the carried interest received by Benford Capital Partners by decreasing the amount of distributions from the Fund that are required to be made to investors in satisfaction of any preferred return. Benford Capital Partners therefore have a conflict of interest in deciding whether to borrow funds because Benford Capital Partners have the potential to receive disproportionate benefits from such borrowings.

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

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

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of Clients, including decisions with respect to structuring, negotiating, purchasing, financing and eventually divesting investments, will be vested with Benford Capital Partners. Consequently, a Client's future profitability and investment performance will depend largely upon the business and investment acumen of the Principals of Benford Capital Partners. The loss or reduction of service of one or more of the Principals could have an adverse effect on Clients' ability to realize its investment

objectives. In addition, the Principals currently, and may in the future, manage or advise other investments and/or investment funds and the Principals may need to devote substantial amounts of their time to the investment activities of such other investments and/or funds, which may pose conflicts of interest in the allocation of the time of the Principals. Investors generally have no right or power to take part in the management of a Client, and as a result, Clients' investment performance will depend on the actions of Benford Capital Partners. In addition, certain changes in Benford Capital Partners or circumstances relating to Benford Capital Partners may have an adverse effect on Clients or one or more of its portfolio companies, including potential acceleration of debt facilities. Furthermore, there can be no assurance that a Client's investments will achieve results similar to those attained by previous investments of the Principals. In addition, Client's investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular portfolio company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

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

*Absence of Operating History.* The Funds have no operating history and will be entirely dependent on Benford Capital Partners, specifically the General Partner. While the Principals of the General Partner have previous experience making and managing investments similar to those contemplated, the Principals have no experience managing and investing a committed pool of funds. Furthermore, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the Principals. In addition, the Fund's investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure, and holding period.

*Agreements with Certain Investors.* Benford Capital Partners has entered into side letters or other similar agreements with particular investors in connection with their admission to the respective Client without the approval of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of, or confirming the interpretation of applicable Client Governing Documents with respect to such investor in a manner more favorable to such investor than those applicable to other investors, and such rights can, in some cases, be significant. Such rights or terms in any such side letter or other similar agreement include, without limitation, (i) excuse, exclusion or withdrawal rights applicable to particular investments or investors (which increases the percentage interest of other investors in, and contribution obligations of other investors with respect to, certain

investments); (ii) reporting obligations of Benford Capital Partners; (iii) waiver of certain confidentiality obligations; (iv) access to co-investment opportunities; (v) consent of the applicable General Partner and/or Benford Capital Partners to certain transfers by such investor; or (vi) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such investor.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Client's activities, including the ability of a Client to effectively and timely address such regulations, implement operating improvements or other execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2008-2009 downturn in the U.S. and global financial markets, may complicate or prevent a Client's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Client reserves the right to invest in fewer transaction or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of Benford Capital Partners and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact Benford Capital Partners and its affiliates, the Clients and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Clients. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

*Financial Institution Risk; Distress Events.* An investment in a Client is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of a Client's (or portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Events, Benford Capital Partners, any General Partner, the Clients and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate amount of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be

successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Benford Capital Partners to manage the Clients and their investments, and on the ability of Benford Capital Partners, and Client or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Client is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Client to access capital contributions or otherwise); the inability of a Client to acquire or dispose of investments, including at prices that the relevant General Partner believes to reflect the fair value of such investments; and/or the inability of Benford Capital Partners or portfolio companies to make payroll, fulfil obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is possible that Benford Capital Partners will experience operational burdens and expenses, and a Client or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Benford Capital Partners will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, of that such remedies will be successful or avoid losses, delays or otherwise negative impacts. The Clients and their portfolio companies are subject to additional risks in the event of a Financial Institution utilized by investors of a Client or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Client, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require as a condition of using their services (including lending services), that Benford Capital Partners and/or the relevant Client maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Benford Capital Partners seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Clients, Benford Capital Partners is under no obligation to use a minimum number of Financial Institutions with respect to any Client, or maintain account balances at or below the relevant insured amounts.

*Subscription Lines.* A Fund reserves the right to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and

the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner reserves the right to request certain financial information and other documentation from limited partners to share with lenders. The relevant General Partner will have significant discretion in negotiating the terms of any subscription line and reserves the right to agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

*Fund-level borrowing involves a number of additional risks.* For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when a General Partner expects to repay the

amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

### Potential Conflicts of Interest

The material conflicts of interest that a Client encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Client's life. Investors should be aware that Benford Capital Partners, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that Benford Capital Partners will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Clients. To the extent that Benford Capital Partners identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in annual and other-than-annual Brochure updates or in other written or oral communications to the advisory committees or to investors.

*Pre-Fund Investments.* The Principals and Benford Capital Partner's investment professionals will continue to manage and monitor the Pre-Fund Investments. Benford Capital Partners believes that the significant investment of the Principals in the Fund, as well as the Principals' interest in the Carried Interest, operate to align, to some extent, the interests of the Principals with the interests of investors, although the Principals have or may have economic interests in Pre-Fund Investments as well and receive management fees and carried interests relating to those interests. Such other investments that the Principals control or manage may compete with portfolio companies acquired by the Fund.

*Allocation of Investment Opportunities.* Until such time as Benford Capital Partners is permitted under the Governing Documents to raise a successor investment fund to the currently investing Funds, the Principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of such Funds principally for the benefit of the Funds, subject to certain exceptions set forth in the Governing Documents. However, the Principals currently, and will likely in the future, manage other investment funds besides the Funds and investments similar to those in which the Funds will be investing and direct certain relevant investment opportunities to those investment funds and investments. Over time, certain investment opportunities suitable for the Funds are likely also to be suitable for other investment funds sponsored by Benford Capital Partners or its affiliates. In determining which investment funds should participate in such investment opportunities, subject to the Governing Documents, Benford Capital Partners, the Principals and their affiliates are subject to potential conflicts of interest among the investors in the Funds and investors in the other investment funds sponsored by Benford Capital Partners. To determine whether the Funds or other investment funds sponsored by Benford Capital Partners will participate in the relevant investment opportunity, Benford Capital Partners generally assesses whether an investment opportunity is appropriate for each relevant Fund based on the terms of such Fund's Governing Documents, as well as factors including but not limited to: each Fund's investment restrictions and objectives, strategy, capital structure, risk profile, time horizon, investment size, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. Benford Capital Partner's allocation of investment opportunities among the Funds and any of the other investment funds sponsored by Benford Capital Partners often will not be proportional. Benford Capital Partners will determine the allocation of investment opportunities among Funds in a manner



that it believes is fair and equitable consistent with its obligations and will typically take into consideration factors such as those set forth above.

Additionally, conflicts of interest can arise if the Fund makes an investment in a portfolio company in conjunction with an investment made by another investment fund sponsored by the Firm or an affiliate. There can be no assurance that the Fund and the other investing fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that the Fund's return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Fund(s).

Benford Capital Partners will potentially cause the Funds to forego certain investment opportunities in which Benford Capital Partners and other persons invest, even though such prospective investment opportunities arguably would have been suitable for investment by the Funds. Additionally, none of Benford Capital Partners or the other conflict persons shall be restricted with respect to certain types of investments set forth in the Governing Documents, including certain follow-on investments in persons or entities in which such conflict person had a pre-existing investment and certain investments related or complementary to existing investments of such conflict person.

*Affiliate Transactions.* From time to time, affiliates of Benford Capital Partners expect to provide services to the Clients or their respective portfolio companies. In such event, such services will be provided on arms-length terms (unless otherwise approved by the relevant advisory committee), subject to certain exceptions set forth in the Governing Documents. However, normally such services will not be put out for competitive bidding by third parties, and the determination of the competitive cost or rates for such services will be made by Benford Capital Partners in its sole discretion.

*Co-Investment.* Benford Capital Partners, in its sole discretion, provides or commits to provide co-investment opportunities to one or more Fund investors and/or third persons (including Executive Partners). Benford Capital Partners will select which investors are permitted to participate in such co-invest opportunities based on various factors, including the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons. Such co-investment opportunities are also provided to selected Benford Capital Partners employees and individuals with whom Benford Capital Partners maintains a strategic relationship. These individuals are allowed to co-invest on a deal-by-deal basis. Benford Capital is generally not obligated to make co-investment opportunities available to any particular investors or limited partners, subject to certain exceptions. Conflicts of interest can arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which can be made to one or more persons for any number of reasons as determined by Benford Capital Partners in its sole discretion, will not necessarily be in the best interests of the Funds or any individual investor. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, Benford Capital Partners considers some or all of a wide range of factors, which include, but are not limited to: the ability of a person to react promptly to co-invest opportunities; any strategic advantages that result from a person's participation in a co-investment opportunity; a person's commitment to a Fund and/or one or more other funds managed by the Firm and/or Benford Capital Partners; and/or the likelihood that a person will invest in a future fund sponsored by Benford Capital Partners. Benford Capital Partners is authorized to, in its sole discretion, charge a Management Fee and obtain a Carried Interest in respect of any such co-investment.

Co-investments with third parties through partnerships, joint ventures or other entities or arrangements can involve risks not present in investments where a third party is not involved, including the possibility that a third party co-venturer or partner will at any time have economic or

business interests or goals that are inconsistent with those of the Funds, have financial difficulties (which would increase the possibility of default), or be in a position to take (or block) action contrary to the investment objectives of the Funds. In addition, the Funds will in certain circumstances be liable for actions of its third-party co-venturer or partner. In those circumstances where such third-parties involve a management group, such third parties would likely receive compensation arrangements relating to such co-investments, including incentive compensation arrangements. In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees (including any breakup fees), costs and expenses relating to such unconsummated transaction generally will be borne by the relevant Fund which was to participate in such investment and not by any prospective co-investors.

*Allocation of Expenses.* Benford Capital Partners from time to time incurs fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Clients and one or more other investment vehicles sponsored or managed by Benford Capital Partners. To the extent such fees, costs and expenses are incurred for the account or for the benefit of multiple Clients, the Clients will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment commitment made or proposed to be made by each in respect of the entity to which the expense relates or in such other manner as Benford Capital Partners considers fair and equitable. Although Benford Capital Partners will endeavor to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Notwithstanding the foregoing, it is possible that Benford Capital Partners will in the future develop policies and procedures to address the allocation of expenses that differ from its current practice.

Benford Capital Partners will from time to time incur fees, costs and expenses in connection with transactions not consummated on behalf of the Clients. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by each Client that participated or was expected to participate in such investment. The Clients will typically bear a portion of any such fees, costs, and expenses in proportion to the size of its actual or proposed investment commitment, or in such other manner as Benford Capital Partners considers, in good faith, to be fair and equitable.

There are occasions when one Client (the "Payor Client") pays an expense common to multiple Clients (the "Allocated Clients"). On such occasions, each Allocated Client will reimburse the Payor Client for its share of such expense, without interest, promptly after the payment is made by the Payor Client. There are also occasions where Benford Capital Partners or a Payor Client pays an expense on behalf of a portfolio company. On such occasions, the portfolio company will reimburse the Firm or Payor Client for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Some expenses incurred on behalf of one Client have the potential to benefit other Clients. For example, information Benford Capital Partners obtains in connection with a Client's research, due diligence and investment activities will be valuable to other Clients. Additionally, tools and resources developed at Benford Capital's expense will be the intellectual property of Benford Capital Partners and not the Client.

A conflict of interest could arise in Benford Capital Partners' determination whether certain costs or expenses that are incurred in connection with the operation of the Clients meet the definition of Client operational expenses for which the Client(s) are responsible, whether such expenses should be borne by Benford Capital Partners or the manner in which Benford Capital Partners allocates expenses among the Clients. The Clients will be reliant on the determinations of Benford Capital Partners in this

regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Benford Capital Partners to be the most appropriate corrective measure.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Fund. When estimating fair value, Benford Capital Partners will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

*Consultants and Executive Partners.* Benford Capital Partners expects to retain, on behalf of Clients and/or the portfolio companies, as applicable, Executive Partners and other consultants ("Executive Partners"), which may be affiliates of Benford Capital Partners, employees of such affiliates, portfolio companies of other funds managed by Benford Capital Partners, third party consultants (including individual Executive Partners, consultants and external executives), "strategic partners," "Executive Partners" or "senior advisors." The Executive Partners may regularly provide services to, or in connection with, Clients in relation to its activities, or to one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies ("Services").

*Co-Investment Opportunities.* From time to time and as permitted by the relevant Governing Documents, Benford Capital Partners reserve the right to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Benford Capital Partners' personnel and/or certain other persons associated with Benford Capital Partners and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund or other Client making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-investment vehicle may purchase a portion of an investment from one or more of the Funds or Clients after such Funds or Clients have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Benford Capital Partners' sole discretion, Benford Capital Partners reserves the right to charge interest on the purchase to the co-investor or co-investment vehicle (or otherwise equitably adjust the purchase price under certain conditions) and to seek reimbursement to the Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the Fund.

*Executive Partners.* Benford Capital Partners expects to retain or employ non-investment professionals (each, an "Executive Partner") primarily to provide sales, marketing, finance and accounting, product management, engineering, technology development, technology implementation, customer success, operations, human resources, leadership, general management, acquisition integration/rationalization, board of directors services and/or other operations services, acquisition or other due diligence, or similar services to Clients, any alternative investment vehicle or any portfolio company or prospective portfolio company of a Client or any alternative investment vehicle. Benford

Capital Partners intends to retain only such Executive Partners which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. Such services are of the type that also may be provided by the Operations Group (see below). Any compensation, including fees, incentive equity, equity grants or other stock awards, and any reimbursement of certain travel and other costs, received by Executive Partners may be paid by a portfolio company or prospective portfolio company or directly by a Client. Executive Partners also may invest in portfolio companies in which such person has been, or is expected to be, involved. Investment opportunities, reimbursements and other compensation paid to an Executive Partner will not offset the Management Fee.

Portfolio companies of a Client may pay Executive Partners to perform services that, directly or indirectly, benefit Benford Capital Partners, its affiliates and/or Pre-Fund Investments. Consequently, Benford Capital Partners, its affiliates and/or Pre-Fund Investments may receive services without being charged or at rates that are lower than the rates borne by Clients or its portfolio companies. Conversely, portfolio companies of Clients may benefit from services that are paid for by Benford Capital Partners, its affiliates and/or Pre-Fund Investments. Likewise, certain Pre-Fund Investments may pay Executive Partners to perform services that, directly or indirectly, benefit Benford Capital Partners, its affiliates, the Fund and/or portfolio companies of the Fund. There can be no assurance that Clients or their portfolio companies will receive benefits paid for by Pre-Fund Investments that are commensurate to the benefits received by such Pre-Fund Investments that are paid for by Clients or its portfolio companies.

*Operations Group.* Benford Capital Partners has created an a group of operationally focused individuals comprised of persons retained or employed by Benford Capital Partners primarily to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization, supply chain, logistics, sourcing and/or other operations services, acquisition or other due diligence, or similar services to Clients, any alternative investment vehicle or any portfolio company or prospective portfolio company of a Client or any alternative investment vehicle (the "Operations Group"). Any compensation, including fees, incentive equity or other stock awards, and any reimbursement of certain travel and other costs, received by Operations Group members may be paid by a portfolio company or prospective portfolio company or directly by a Client.

*Industry Relationships.* The Principals, Benford Capital Partners and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Benford Capital Partners. Certain of these third parties will, on occasion: (i) introduce investment opportunities to Benford Capital Partners; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Benford Capital Partners, the Clients, or portfolio companies. Such third parties also on occasion provide goods or services to or have business, personal, political, financial or other relationships with the Principals. In addition, such third parties are sometimes investors in one or more Clients; co-invest in one or more portfolio companies; or provide other significant business or investment services to Benford Capital Partners, the Clients and/or their portfolio companies. These relationships have the potential to influence Benford Capital Partners in deciding whether to select or recommend any such third party to perform services for the Clients or a portfolio company. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Clients or portfolio companies, as applicable.

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

**Item 9 – Disciplinary Information**

Benford Capital Partners and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

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

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

Benford Capital Partners does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, financial planning firm, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business, the Clients or its investors. Benford Capital Partners has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other services. Some of these professionals provide services to the Principals, the Clients or portfolio companies. Additionally, some of these professionals may be investors in Benford Capital Partner's Clients, either personally or through their company.

As described above in Item 4, Benford Capital Partners is affiliated with the Funds' General Partners and the Co-Investment Funds' General Partners, which are deemed registered with the SEC under the Advisers Act pursuant to Benford Capital Partners' registration. Benford Capital Partners and the General Partners operate as a single advisory business. The General Partners do not have employees of their own.

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

Benford Capital Partners does not recommend or select other investment advisers for Clients.

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

Benford Capital Partners has adopted the Benford Capital Partners Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of Principals, employees and certain other individuals as Benford Capital Partners’ Chief Compliance Officer determines based on access to information (“Supervised Persons”) and addresses conflicts that arise from personal trading. The Code requires all Supervised Persons to place Clients’ interests ahead of Benford Capital Partners’ interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws. In addition, the Code requires Supervised Persons to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information.

Supervised Persons are required to certify their compliance with the Code on an annual basis. Supervised Persons of Benford Capital Partners who violate the Code will be subject to remedial actions, including, but not limited to, censure, suspension or dismissal. The Code also requires Supervised Persons to promptly report any violations of the Code of which they become aware.

A copy of the Code will be provided to any investor or prospective investor upon request to Jason Berg, Benford Capital Partner’s Chief Compliance Officer, at (312) 932-0200 or [jason@benfordcapital.com](mailto:jason@benfordcapital.com).

Personal securities transactions by Supervised Persons who manage Client accounts are required to be conducted in a manner that prioritizes the Clients’ interests.

Occasionally, Benford Capital Partners Supervised Persons may come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Benford Capital Partners, and Supervised Persons, are prohibited from improperly disclosing or using such information for personal benefit or for the benefit of any person, regardless of whether such person is a client of Benford Capital Partners.

Accordingly, if Benford Capital Partners or any of its Supervised Persons come into possession of material non-public or other confidential information with respect to a public and non-public company, Benford Capital Partners generally would be prohibited from communicating such information to Clients, and Benford Capital Partners will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Supervised Persons serving as directors of public or private companies and may restrict trading on behalf of Clients, including a Fund.

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

Supervised Persons of Benford Capital Partners are permitted to directly or indirectly own an interest in one or more Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles reserve the right to invest in one or more of the same portfolio companies as a Client. Co-investment opportunities may also be presented to certain affiliates of Benford Capital Partners, as well as third party investors and other persons, including Benford Capital Partners’ personnel and/or certain other persons associated with Benford Capital Partners and/or its affiliates, and such co-investments may be affected through co-investment vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss,” and in the



Clients' Governing Documents and in accordance with Benford Capital Partner's investment allocation policy.

### Personal Trading

All Supervised Persons and certain other individuals as Benford Capital Partners' Chief Compliance Officer determines based on access to information are subject Benford Capital Partners' personal trading policy which is set forth in the Code and is acknowledged as received and understood by each Supervised Person at the time of hire and annually thereafter. Benford Capital Partners' personal trading policy is designed to ensure that no Client is disadvantaged by the transactions executed by any Supervised Person and that Supervised Persons in no respect misappropriate any benefit properly belonging to a Client. The Code establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Under the Code, Supervised Persons are required to submit certain periodic reports with the Chief Compliance Officer, as required by Rule 204A-1 under the Advisers Act.

Benford Capital Partners' Supervised Persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding securities or communicating material non-public information about such securities to others. Benford Capital Partners maintains a Restricted List regarding issuers about whom it has material non-public information. Pre-clearance is required by Supervised Persons for certain personal securities transactions, including Restricted List securities, initial public offerings and limited offerings. In addition, Supervised Persons are required to submit their brokerage account statements or allow direct personal brokerage activity feed access to the Chief Compliance Officer for review.

Supervised Persons of Benford Capital Partners carry on investment activities for their own account and for family members, friends or others who do not invest in the Clients, and give advice and recommend securities to vehicles which can differ from advice given to, or securities recommended or bought for, the Clients, even though their investment objectives are the same or similar. In addition, Supervised Persons are permitted to buy securities in transactions offered to, but rejected by, the Clients or that are outside the investment mandate of the Clients.

### Conflicts of Interest

If any matter arises that Benford Capital Partners determines constitutes an actual conflict of interest, Benford Capital Partners will take such actions as are necessary or appropriate, and as permitted by any applicable Governing Documents, to address the conflict.

## Item 12 – Brokerage Practices

Benford Capital Partners focuses on securities transactions in private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. Benford Capital Partners reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Client and/or its portfolio companies. In determining to retain such parties, Benford Capital Partners may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Benford Capital Partners generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and Clients may not pay the lowest commission or fee for such services.

Although Benford Capital Partners does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Benford Capital Partners buys or sells publicly-traded securities for a Client, Benford Capital Partners is responsible for directing orders to broker-dealers to affect securities transactions for Client accounts managed by Benford Capital Partners. In such event, Benford Capital Partners will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute Client transactions, Benford Capital Partners may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Benford Capital Partners has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for affecting client transactions to the extent consistent with the interests of such clients. Although Benford Capital Partners generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Benford Capital Partners does not receive research or other soft dollar benefits in connection with securities transactions for Clients, does not receive investor referrals in connection with selecting or recommending broker-dealers for Clients and does not engage in directed brokerage.

From time to time, Benford Capital Partners may, but is not obligated to, purchase or sell securities for several Clients at approximately the same time. Such orders may be aggregated to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Aggregated transactions are executed in a manner intended to ensure that no participating Client or Benford Capital Partners is favored over any other Client. When an aggregated order is filled in its entirety, each participating party generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not aggregated, this may have the effect of increasing brokerage commissions or other costs.

When an aggregated order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each participating party in such buy or sell order in accordance with the amount of securities originally requested.

Each participating party generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable.

### **Item 13 – Review of Accounts**

The investments made by Benford Capital Partners on behalf of Clients are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. Benford Capital Partners has established an Investment Committee responsible for regularly discussing both potential and current investments. Ultimately, the decision to purchase or sell an investment for a Client is made by the Principals.

Benford Capital Partners typically receives board seats for most of the investments it makes. It is not uncommon for the Benford Capital Partners' investment professionals to be in regular contact with a portfolio company's senior management team. Moreover, Benford Capital Partners' Principals and investment professionals monitor portfolio company performance through regular management meetings, as well as detailed reviews of specific portfolio companies that occur as needed.

The Investment Committee or the investment team responsible for the investment perform additional reviews in the event that a portfolio company needs subsequent financing, in the event of a potential add-on acquisition or liquidity event, or if there were a serious performance issue.

Investors in the Funds receive (i) unaudited quarterly financial statements for the relevant fund showing an investor's closing capital account balance as of the end of each quarter within 60 days after the end of the first three fiscal quarters, (ii) annual audited financial statements for the relevant fund (audited by a firm of independent certified public accountants of recognized national standing selected by Benford Capital Partners and prepared in accordance with GAAP) within 120 days of fiscal year end of the fund, (iii) annual tax information necessary for the completion of tax returns (K-1s), and (iv) descriptive investment information for each portfolio company each quarter.

Pre-Fund investors receive financial statements, capital account, and an investor update annually.

All reports are sent to investors in writing and are delivered electronically through Benford Capital Partners' investor portal for the Funds, the Co-Investment Funds, and through both the portal and email for the Pre-Fund Investments. The Firm also has contact with investors (personal visits, telephone and email) throughout the year as conditions warrant.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to Benford Capital Partners' investments. Benford Capital Partners responds to these requests, and in answering these requests provides information that is not generally made available to other investors who have not requested such information. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations, certain investors receive additional information and reporting that other investors do not receive. The fact that Benford Capital Partners provides such information upon request to one or more investors does not obligate Benford Capital Partners to affirmatively provide such information to all investors. As a result, certain investors will have more information about a Client than other investors, and Benford Capital Partners has no duty to, and does not intend to, ensure all investors seek, obtain or possess the same information regarding a Client and its investments and/or portfolio companies.

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

Benford Capital Partners receives break-up fees, directors' fees, transaction fees (including closing fees, investment banking fees, consulting fees, placement fees and other similar fees), monitoring fees, consulting fees and reimbursements from the portfolio companies held by Clients. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that Benford Capital Partners believes will ultimately enhance the value of the companies and benefit the Clients and their investors.

These types of fee arrangements present potential conflicts of interest and provide Benford Capital Partners with an incentive to recommend investments based on compensation received rather than the best interests of Clients. To help mitigate this potential conflict of interest, certain fees may, in some, but not all, cases offset a portion of the Management Fees paid by a Client. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. For a complete understanding of additional fees refer to the Governing Documents of the relevant Client.

While fundraising for the Funds, Benford Capital Partners engaged a placement agent in connection with the offer and sale of the Funds interests to certain potential investors. Fees for the placement agent were generally calculated as a percentage of investor commitments. Placement agent fees were payable by the Funds and any such fees paid offset the Management Fee on a dollar-for-dollar basis, although related expenses incurred pursuant to the placement agent agreement, including but not limited to placement agent travel, meal and entertainment expenses were borne by the Funds as part of its organizational expenses. All placement agents engaged by Benford Capital Partners are registered broker-dealers.

## **Item 15 – Custody**

Benford Capital Partners is deemed to have custody of the Clients' assets because of its affiliation with each Client's respective General Partner and/or Manager and such General Partner's or Manager's ability to access Client assets. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), Benford Capital Partners has elected to undergo an annual GAAP financial statement audit by a Public Company Accounting Oversight Board registered and inspected auditing firm for each of its Clients over which it is deemed to have custody, copies of which are (or will be, with respect to its newly closed Clients) delivered to the Clients and their respective investors within 120 days of fiscal year end. In addition, upon the final liquidation of a Client, Benford Capital Partners will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Client to all underlying investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

Benford Capital Partners does not accept physical custody of any Client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent or wired to the relevant Client's qualified custodial account. Benford Capital Partners receives monthly statements from each of its qualified custodians on behalf of the Clients.

For more information about Benford Capital Partners' qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

## **Item 16 – Investment Discretion**

Benford Capital Partners has discretionary authority to manage investments on behalf of Clients. As a general policy, Benford Capital Partners does not allow individual investors to place limitations on this authority. Investors in the Funds participate in the overall investment program for the applicable Fund. Investors generally cannot impose restrictions on investments made by Benford Capital Partners. Pursuant to the terms of the Partnership Agreement, Benford Capital Partners reserves the right to enter into Side Letters with investors whereby the terms applicable to such investor's investment in a Client may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

To become an investor in a Client, an investor must execute, certain Governing Documents, including a subscription agreement, limited partnership agreement, limited liability company agreement or other operating agreement with such Client. Benford Capital Partners assumes this discretionary authority pursuant to the terms of the Client Governing Documents. Such Governing Documents generally contain a power of attorney that grants Benford Capital Partners (or an affiliated entity, such as the General Partners) certain powers related to the orderly administration of the affairs of the Clients.

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

By virtue of the applicable Governing Documents, Benford Capital Partners has the authority to vote proxy statements on behalf of the Clients. The majority of “proxies” received by Benford Capital Partners are written shareholder consents or similar instruments for private companies owned by Clients. As such, Benford Capital Partners has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Benford Capital Partners’ proxy voting policy seeks to ensure that it votes proxies in the best interest of Clients, including where there are material conflicts of interest in voting proxies. Benford Capital Partners generally believe its interests are aligned Clients and investors in Clients through Benford Capital Partners’, the Principals’ or other Benford Capital Partners’ employees investment in Clients. However, in the event that there is a conflict of interest in voting proxies, Benford Capital Partners’ proxy voting policy provides that Benford Capital Partners can address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory committee on the proposed proxy vote, or through other alternatives as set forth in Benford Capital Partners’ proxy voting policy. Investors cannot direct how Benford Capital Partners votes proxies or shareholder consents, nor is Benford Capital Partners required to seek investor approval or direction from investors when voting proxies or when giving consent on any matter requiring the consent of shareholders.

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

Benford Capital Partners will provide a copy of its proxy voting policy to existing or prospective investors upon request to Jason Berg, Chief Compliance Officer, at (312) 932-0200 or [jason@benfordcapital.com](mailto:jason@benfordcapital.com). Investors can also obtain information from Benford Capital Partners, free of charge, about how Benford Capital Partners voted any previous public proxies, if any.



**Item 18 – Financial Information**

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

## PRIVACY NOTICE <sup>1</sup>

*Benford Capital Partners' Commitment to Your Privacy:* Benford Capital Partners are sensitive to the privacy concerns of our individual limited partners and clients. Benford Capital Partners have a policy of protecting the confidentiality and security of information Benford Capital Partners collect about you. Benford Capital Partners are providing this notice to help you better understand why and how Benford Capital Partners collect certain personal information, the care with which the Firm treat that information, and how Benford Capital Partners use that information.

*Sources of Non-Public Information:* In connection with forming and operating Benford Capital Partners' private investment funds (or "funds") and/or performing asset management services for the Funds' investors and clients, Benford Capital Partners collect and maintain non-public personal information from the following sources:

- Information received from you in conversations over the telephone, in voicemails, through written correspondence, via e-mail and other electronic communications, or on subscription agreements, investor questionnaires, applications or other forms (including, without any limitation, any anti-money laundering, identification, and verification documentation);
- Information about your transactions with Benford Capital Partners or others; and
- Information captured on the Benford Capital Partners website, fund data room and/or investor reporting portal (as applicable), including registration information and any information captured via "cookies."

*Disclosure of Information:* Benford Capital Partners do not disclose any non-public personal information about you to anyone, except as permitted by law or regulation and to affiliates and service providers, including but not limited to administrators, lenders, banks, auditors, law firms, governmental agencies or pursuant to legal process, self-regulatory organizations, and/or consultants.

*Former Investors and Clients:* Benford Capital Partners maintain non-public personal information of former investors and clients and apply the same policies that apply to current investors and clients.

*Information Security:* Benford Capital Partners consider the protection of sensitive information to be a sound business practice, and to that end Benford Capital Partners employ physical, electronic and procedural safeguards, which seek to protect your non-public personal information in our possession or under Benford Capital Partners control.

*Further Information:* Benford Capital Partners reserve the right to change the Firm's privacy policies and this Privacy Notice at any time. The examples contained within this notice are illustrations only and are not intended to be exclusive. This notice is intended to comply with the privacy provisions of applicable U.S. federal law and certain privacy provisions of other laws. You may have additional rights under other foreign or domestic laws that may apply to you, including as set forth in our additional privacy notices.

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<sup>1</sup> This Privacy Notice is intended only for individuals and certain entities that are essentially "alter egos" of individuals (e.g., revocable grantor trusts, IRAs or certain estate planning vehicles)

Form ADV Part 2B: Brochure Supplement



**Benford Capital Partners**

**Benford Capital Partners Management, L.P.**

121 West Wacker Drive  
Suite 650  
Chicago, IL 60601

T: 312-932-0200  
F: 312-932-0220

[www.benfordcapital.com](http://www.benfordcapital.com)

March 29, 2024

This Brochure Supplement provides information about Benford Capital Partners Management, L.P. ("Benford Capital Partners") that supplements the Benford Capital Partners Brochure. Please contact us at (312) 932-0200 or [jason@benfordcapital.com](mailto:jason@benfordcapital.com) if you did not receive Benford Capital Partners' Brochure or if you have any questions about the contents of this supplement. Additional information about Benford Capital Partners is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Edward Benford**

Year of Birth: 1967

Managing Director

121 West Wacker, Suite 650

Chicago, IL 60601

(312) 932-0200 x1

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

Mr. Benford founded Benford Capital Partners in 2004 and has over 22 years of lower middle market private equity experience. He has played key roles in acquiring and building more than 25 niche businesses. Prior to founding Benford Capital, Mr. Benford was a Principal at Prospect Partners, LLC, a Chicago-based lower middle market private equity firm. Mr. Benford joined Prospect Partners at its inception in 1998 and served on the Board of Directors of seven portfolio companies.

Prior to joining Prospect Partners, Mr. Benford worked at Lazard Frères & Co., LLC in the Investment Banking Group working on mergers & acquisitions and corporate finance transactions. Prior to Lazard, Mr. Benford worked at Morgan Stanley & Co. and at the Northern Trust Company.

Mr. Benford earned a BA from Vanderbilt University and an MBA from the University of Chicago.

**Item 3 – Disciplinary Information**

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

**Item 4 – Other Business Activities**

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

Benford Capital Partners does not believe that any of Mr. Benford's outside business activities create a conflict of interest with Benford Capital Partners or its Clients.

**Item 5 – Additional Compensation**

Other than as mentioned above, Mr. Benford does not receive an economic benefit for providing advisory services other than the compensation received by Benford Capital Partners.

**Item 6 – Supervision**

For compliance matters, Mr. Benford is supervised by Benford Capital Partners' Chief Compliance Officer, Jason Berg, who can be reached at (312) 632-0200 or [jason@benfordcapital.com](mailto:jason@benfordcapital.com). Mr. Benford is subject to the provisions of the Firm's Compliance Manual and Code of Ethics. For investment matters, the investment committee is responsible for monitoring all investments.

**Benjamin Riefe**

Year of Birth: 1977

Managing Director

121 West Wacker, Suite 650

Chicago, IL 60601

(312) 932-0200 x2

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

Mr. Riefe joined Benford Capital Partners in 2007. Prior to Benford Capital Partners, Mr. Riefe served in a strategic planning and operating role at Roundy's Supermarkets, Inc., a Willis Stein & Partners portfolio company. At Roundy's, Mr. Riefe reported directly to the CFO and contributed significantly to Roundy's growth and improved operating performance.

Prior to Roundy's, Mr. Riefe was an associate at Willis Stein & Partners, a Chicago-based private equity firm. Prior to Willis Stein, Mr. Riefe worked in the Financial Sponsor Coverage and Leveraged Finance groups at Deutsche Bank where he completed numerous financings for Chicago-area private equity firms.

Mr. Riefe earned a BA degree from Dartmouth College and an MBA from the Kellogg School of Management at Northwestern University.

**Item 3 – Disciplinary Information**

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

**Item 4 – Other Business Activities**

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

Benford Capital Partners does not believe that any of Mr. Riefe's outside business activities create a conflict of interest with Benford Capital Partners or its Clients.

**Item 5 – Additional Compensation**

Other than as mentioned above, Mr. Riefe does not receive an economic benefit for providing advisory services other than the compensation received by Benford Capital Partners

**Item 6 – Supervision**

For compliance matters, Mr. Riefe is supervised by Benford Capital Partners' Chief Compliance Officer, Jason Berg, who can be reached at (312) 632-0200 or [jason@benfordcapital.com](mailto:jason@benfordcapital.com). Mr. Riefe is subject to the provisions of the Firm's Compliance Manual and Code of Ethics. For investment matters, the investment committee is responsible for monitoring all investments.

**Jason Berg**

Year of Birth: 1988

Controller and Chief Compliance Officer

121 West Wacker, Suite 650

Chicago, IL 60601

(312) 932-0200 x8

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

Mr. Berg joined Benford Capital in April 2020. Prior to BCP, Mr. Berg was an Associate and Assistant Vice President at GCM Grosvenor, where he focused on financial accounting and analysis across a variety of hedge fund and strategic investment portfolios. Mr. Berg began his career at Plante Moran as a CPA, working on tax compliance and consulting for high net worth families and financial service firms.

Mr. Berg earned BA and MAS degrees from the University of Illinois – Urbana/Champaign.

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

**Item 3 – Disciplinary Information**

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

**Item 4 – Other Business Activities**

Mr. Berg engages in no other business activities that provide a substantial amount of income to him or that require a substantial amount of his time.

**Item 5 – Additional Compensation**

Mr. Berg does not receive an economic benefit for providing advisory services other than the compensation received by Benford Capital Partners.

**Item 6 – Supervision**

For compliance matters, Mr. Berg is supervised by Benford Capital Partners Managing Director, Edward Benford, who can be reached at (312) 932-0200 x1 or [edward@benfordcapital.com](mailto:edward@benfordcapital.com). Mr. Berg is subject to the provisions of the Firm's Compliance Manual and Code of Ethics.