

FIRM BROCHURE  
PART 2A of FORM ADV

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# Renovo Capital, LLC

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This brochure provides information about the qualifications and business practices of Renovo Capital, LLC and certain of its affiliates. If you have any questions about the contents of this brochure, please contact us at (214)-699-4960. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Renovo Capital, LLC 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 about Renovo Capital, LLC is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2-Material Changes**

This brochure contains information about Renovo Capital, LLC and certain of its affiliates. There was one material change since the latest version of this brochure dated March 26, 2019: Renovo moved its principal office to 14241 Dallas Parkway, Suite 1230, Dallas, Texas 75254.

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## **Item 4-Advisory Business**

For purposes of this brochure, “Renovo” means Renovo Capital, LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates may or may not be under common control with Renovo Capital, LLC, but possess a substantial identity of personnel and/or equity owners with Renovo Capital, LLC. Such affiliates may be formed for tax, regulatory, or other purposes in connection with the organization of the Funds, or may serve as general partners (“General Partners”) of the Funds.

Renovo provides investment advisory services to investment vehicles (each a “Fund” and, collectively, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds focus primarily on acquiring lower middle market businesses undergoing varying degrees of operational, financial, or market-driven change which require unique capital solutions and operational expertise. Renovo’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of or realizing such investments.

Renovo provides investment advisory services to each Fund in accordance with the investment objectives and restrictions set forth in each Fund’s confidential private placement memorandum, limited partnership agreement, and/or other governing documents (the “Governing Documents”). Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds.

The principal owners of Renovo Capital, LLC are Donald Jungerman, David Hull, Scott Lavie, and Michael Manos (the “Principals”). As indicated on Form ADV Part 1A, the Principals hold their interests in Renovo Capital, LLC indirectly through one or more intermediary entities.

Renovo has been in business since 2009. As of December 31, 2018, Renovo managed \$392,798,594 of client assets, all of which are managed on a discretionary basis.

## **Item 5-Fees and Compensation**

In general, Renovo receives a management fee (the “Management Fee”) and carried interest distributions (the “Carried Interest”) in connection with advisory services provided to the Funds. Renovo may receive additional compensation in connection with management and other services performed for portfolio companies (e.g., monitoring and other fees) of the Funds and such additional compensation may offset in whole or in part the Management Fees otherwise payable to Renovo. In addition, Renovo may receive compensation for management or other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in the Funds also bear

certain Fund expenses, as described below. The following is a general description of fees, compensation, and expenses of the Funds. Certain Funds, primarily Parallel Funds (as defined below), do not pay a Management Fee or a Carried Interest. Prospective and existing Fund investors should review the applicable Fund's Governing Documents for details regarding its fees, compensation, and expenses.

### **Management Fees**

During a Fund's investment period, the Fund generally will pay Renovo or its affiliate an annual Management Fee of up to 2.25% of aggregate investor capital commitments. Generally, investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund, plus an additional amount, as applicable. Thereafter, through the termination of a Fund, the annual Management Fees will generally equal a percentage of the aggregate capital contributions of all limited partners in such Fund used to make investments in portfolio companies that have not been sold or determined by the applicable General Partner in its sole discretion.

The Management Fee, with respect to a Fund, will generally commence as of the effective date of such Fund based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid quarterly in advance and may either be paid from drawdowns that will reduce unfunded commitments or may be paid out of disposition proceeds or other cash available for such payment. Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on a *pro rata* basis according to the actual number of days in such period. Certain fees received by Renovo from a Fund's portfolio companies (as further described below) will be credited as an offset of such Fund's Management Fee.

Each General Partner generally reserves the right to waive all or a portion of any future installment of the Management Fee.

### **Carried Interest**

Renovo will generally be entitled to receive Carried Interest in accordance with the specific provisions of the applicable Fund's Governing Documents. The Carried Interest is generally subject to the obligation of Renovo to return certain distributions pursuant to "clawback" arrangements periodically and upon liquidation of the applicable Fund, as provided in such Fund's Governing Documents.

### **Transaction and Monitoring Fees**

The portfolio companies in which a Fund invests may pay to Renovo or any of its employees (i) acquisition and disposition fees, origination fees, and other fees earned on or relating to the making, termination, cancellation, or disposition of a portfolio company investment paid to Renovo and (ii) directors fees, executive fees, or consulting fees ("External Fees"). Generally, a Fund's Management Fee will be reduced by 100% of the Fund's share of the External Fees related to acquisition and disposition fees, origination fees, and other fees earned on or relating to the making, termination,

cancellation, or disposition of a portfolio company investment. However, a Fund's Management Fee will not be reduced by External Fees related to directors' fees, executive fees, or consulting fees. As described more fully in the Governing Documents of each Fund, Renovo may determine that it is in the best interests of a portfolio company for a Renovo employee to take a full-time position as a senior executive of a portfolio company in lieu of an external hire. In connection with such services, Renovo and/or such employee may receive External Fees and/or other compensation from such portfolio companies, and such compensation will not offset the Management Fee. Any reduction of a Fund's Management Fees will be limited to the extent of such Fund's investment in a portfolio company in proportion to the aggregate investment of all Funds to the applicable portfolio company. As Parallel Funds generally do not pay Management Fees, any such reduction will not benefit such entities and will be retained by Renovo.

### **Overhead and Fund Expenses**

Renovo will be responsible for all of its own ordinary overhead expenses in connection with its day-to-day operations, including compensation and benefits for its employees and expenses for office space.

The Funds will generally pay, or will generally reimburse Renovo for, other expenses of the Funds, as set forth in applicable Governing Documents. Such expenses generally include all reasonable expenditures made on behalf of a Fund or a portfolio company, which may include, without limitation, (i) costs and expenses related to the investigation, purchase, financing, holding, monitoring, managing, restructuring, and disposition of investments (including potential investments that are not consummated), including but not limited to repayment of principal, interest, fees, and any other amounts outstanding under any subscription facility; (ii) expenses of any administrators, consultants, custodians, counsel, and accountants (including audit fees); (iii) Management Fees; (iv) unconsummated transaction expenses, including amounts payable to third parties and all fees and expenses of lenders, investment banks and other financing sources in connection with arranging financing for transactions which are not consummated; (v) litigation expenses and the amount of any judgments or settlements paid in connection therewith; (vi) any insurance or indemnity expenses; (vii) Fund organizational expenses; (viii) costs and expenses of any limited partner advisory committee and limited partner meetings and reporting; (ix) any taxes, fees, or other governmental charges levied against a Fund; (x) expenses associated with any actual, contemplated, or threatened investigation, administrative hearing or litigation; (xi) extraordinary expenses; and (xii) liquidation expenses.

The Funds generally will not reimburse Renovo for organizational expenses in a combined aggregate amount in excess of a certain dollar amount, as set forth in applicable Governing Documents, provided that any organizational expenses incurred in excess of that amount may be paid by such Funds to the extent that the Management Fees are reduced pursuant to the Governing Documents.

Any unreimbursed expenses directly related to a portfolio company or potential portfolio

company in which two or more Funds have an investment or incur such expenses will be allocated among such Funds by Renovo in good faith.

### **Termination of Services**

The ability of Fund investors to withdraw is limited by the terms of the applicable Governing Document. The ability of such investors to terminate the obligation to pay applicable Management Fees or Carried Interest or to terminate their investment in the vehicle is consequently limited.

For a more complete discussion of Renovo's fees and compensation and expenses payable by a Fund, potential investors should refer to the applicable Fund's Governing Documents.

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

As described above under Item 5, Renovo receives a Carried Interest based on the profit distributions to investors from certain Funds. The fact that a significant portion of Renovo's compensation (and its investment professionals' compensation) is directly tied to profit distributions generated by certain Funds may create an incentive for Renovo and such professionals to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Investors that are affiliates of Renovo generally do not pay Carried Interest. The payment by some but not all Funds of Carried Interest, or the payment of carried interest at varying rates, may create an incentive for Renovo to disproportionately allocate time, services, or functions to Funds paying Carried Interest or Funds paying Carried Interest at higher rates. For additional information on certain potential conflicts of interest, see Item 11 below.

### **Item 7-Types of Clients**

Renovo provides management and discretionary investment advisory services directly to the Funds, subject to the direction and control of the General Partner of each Fund. In each case, Renovo does not provide advisory services individually to the investors. Investors in the Funds may include high net worth individuals, institutional investors, such as banks or thrift institutions, insurance companies, corporations, pension and profit-sharing plans, trusts or estates, charitable organizations or other investment or business entities, university endowments, sovereign wealth funds, family offices, third-party advisors and/or consultants and service providers or, directly or indirectly, the Principals or other Renovo employees or strategic advisors.

Investors in the Funds must generally qualify as "accredited investors," as such term is defined in Regulation D under the Securities Act, and "qualified clients," as such term is defined in Rule 205-3(d)(1) under the Advisers Act. In addition, the Funds generally impose a minimum initial investment requirement, which varies from Fund to Fund. The minimum investment requirement for Renovo's most recent Fund was \$5,000,000. However, Renovo may waive this minimum initial investment requirement at its discretion.

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

### **Investment Strategies**

The following is a summary of the investment strategy generally employed by Renovo on behalf of the Funds. More detailed descriptions of each Fund's investment strategies and methods of analysis are included in its Governing Documents.

Renovo generally pursues an investment strategy of seeking to generate significant capital appreciation through making special situation investments in challenged or distressed lower middle market businesses undergoing varying degrees of operational, financial, or market-driven change which require unique capital solutions and operational expertise. Renovo pursues this investment strategy through equity or equity-related investments, or debt investments that are expected to present an opportunity to acquire equity investments or returns similar to returns expected from equity investments, in entities organized or principally operating in the United States or Canada.

Within this universe of opportunities, Renovo typically focuses on the following key investment criteria for a Fund's portfolio investments: (i) operating businesses with revenues of \$20 to \$200 million; (ii) fundamentally sound, defensible businesses in need of capital and operating expertise; (iii) a particular development or catalyst which results in a discount to intrinsic value or distressed valuation; (iv) the ability to achieve cash flow breakeven with specific, low execution-risk initiatives within the first ninety (90) days of ownership; and (v) attractive risk-adjusted returns provided through material downside protection in assets. Renovo seeks to avoid excessive risk and leverage, including by potentially purchasing certain portfolio companies with 100% equity and obtaining senior debt financing once the business of such portfolio companies have stabilized.

### **Risks of Investment**

The Funds and their investors bear the risk of loss that Renovo's investment strategy entails. There can be no assurance that Renovo will meet any Fund's investment objectives or otherwise be able to successfully carry out its investment program or that there will be any return of capital. A prospective investor should only invest in a Fund as part of an overall investment strategy and only if such investor is able to withstand a total loss of its investment. Investors should not construe the performance of earlier investments by Renovo or its affiliates as providing any assurances regarding the future performance of any Fund. The risks typically involved with Renovo's investment strategy and an investment in each Fund are generally described below. However, investors should review the applicable Fund's Governing Documents for information regarding risks specific to that Fund.

*General.* Private equity involves a high degree of business and financial risk that may result in substantial losses. In order for a Fund to succeed, it must be able to accurately identify potentially successful enterprises, a process that is difficult even for those with extensive experience in the private equity field. Portfolio companies may be operating at



a loss or with substantial variations in operating results from period to period and may need substantial amounts of additional capital to support expansion or to achieve or maintain a competitive position.

*Reliance on Renovo/Key Persons.* Decisions with respect to the management of a Fund will be made by Renovo. Investors must rely upon the ability of Renovo in identifying, structuring, and implementing Investments consistent with the Fund's investment objective and policies. The success of a Fund will depend on the ability of Renovo to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of investments at a profit. The success of a Fund depends in substantial part upon the leadership, skill, and expertise of the Principals. However, there can be no assurance that each of the Principals will continue to be affiliated with Renovo throughout a Fund's anticipated term. The loss of one or more of these individuals could have a material adverse effect on the performance of a Fund.

*No Right to Control the Fund's Operations.* Investors have no right or powers to take part in the management of a Fund. Accordingly, no person should make an investment in a Fund unless such person is willing to entrust all aspects of the management of the Fund to Renovo.

*No Assurance of Investment Return; Past Performance.* An investment in a Fund involves a significant degree of risk. The past investment performance of Renovo should not be relied on as an indicator of a Fund's future performance or success. There can be no assurance that a Fund will achieve results comparable to the existing portfolio investments. Past performance may include the positive or negative impact of general industry, economic and other factors, over which none of Renovo or the Principals had any control.

Renovo cannot provide assurance that it will be able to make and/or realize investments in any particular portfolio companies. There is no assurance that a Fund will be able to generate returns for its investors. Even if investments of a Fund are successful, investors may not receive any return of capital for a significant period of time.

*Difficulty Locating Suitable Investments.* Investors must rely upon the ability of Renovo to identify, structure, and implement investments consistent with each Fund's investment objectives and policies. Investors will not have the opportunity to evaluate the business, financial, and other information that will be used by Renovo in its analysis, selection, and monitoring of Fund investments. There can be no assurance that Renovo will be able to identify a sufficient number of attractive investment opportunities to invest fully a Fund's committed capital in opportunities that satisfy the Fund's investment objectives, or that such investment opportunities will lead to completed investments by the Fund. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

*Illiquid Nature of Interests.* There will be no public market for the interests in any Fund and none is expected to develop. In addition, Fund interests generally will not be transferable, and investors generally will not be permitted to withdraw until the

termination of the Fund. An investment in a Fund should be considered illiquid, and investors may not be able to liquidate their investments prior to the expiration of a Fund's term.

*Competition for Investments.* Renovo expects each Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other leveraged acquisition partnerships, business development companies, investment partnerships and corporations, small business investment companies, large industrial and financial companies investing directly or through affiliates and individuals. Some of these competitors may have more relevant experience, greater financial resources, and more personnel than Renovo.

*Failure to Make Capital Contributions.* If an investor fails to pay when due installments of its commitment to a Fund, and the contributions made by non-defaulting investors and borrowings by the Fund are inadequate to cover the defaulted contribution, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties. If an investor defaults, the investor may be subject to certain substantial penalties set forth in the applicable Governing Documents.

*Repayment of Certain Capital Contributions.* If a Fund is otherwise unable to meet its obligations (including an obligation arising from an indemnifiable event), the investors may, under the applicable Governing Documents or applicable law, be obligated to return distributions previously received by them, even if such obligation or liability arises after termination of the Fund.

*Dilution.* Investors subscribing for interests in a Fund following the initial closing will participate in existing investments, diluting the interest of existing investors therein. Although such investors will contribute their *pro rata* share of previously made Fund draws (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of the existing investments at such time.

*Indemnification.* Each Fund will be required to indemnify Renovo, the applicable General Partner, their affiliates and any current or former officer, director, manager, stockholder, partner, principal, member or employee thereof, and the members of any limited partner advisory committee, for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse effect on the returns to the investors.

*Exclusion.* An investor in a Fund may be excluded in whole or in part from participating in a Fund investment if Renovo determines in good faith that participation by such limited partner in such Investment will result in a significant delay, extraordinary expense or materially adverse effect on the Fund or result in a violation of any statute, rule, regulation, order, or policy.

*Investments Longer than Term.* A Fund may make investments which may not be advantageously disposed of prior to the date that the Fund will be dissolved. Although Renovo expects that investments will typically be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution of a Fund, the Fund may have to sell,

distribute, or otherwise dispose of Investments at a disadvantageous time as a result of dissolution.

*Expedited Transactions.* Investment analyses and decisions by Renovo may be undertaken on an expedited basis in order for a Fund to take advantage of available investment opportunities. In such cases, the information available to Renovo at the time of the investment decision may be limited, and Renovo may not have access to the detailed information necessary for a thorough evaluation of the investment opportunity.

*Illiquid Nature of Portfolio Company Investments.* The Funds will make investments in securities that have limited liquidity. Generally, there will be no readily available market for a substantial amount of a Fund's investments. The market prices, if any, of such investments tend to be volatile, and Renovo may not be able to sell such Fund investments when it desires, or, upon sale, to realize what it perceives to be their fair value.

*Use of Leverage.* While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. A Fund's investments may involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. While the use of leverage will create opportunities to increase a Fund's returns, it also may increase the Fund's losses.

*Hedging Policies/Risks.* In connection with the financing of certain investments, a Fund or its portfolio companies may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

*Investments in Distressed Securities and Restructurings.* A Fund may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such Fund investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of the Fund's original investment therein.

*Operating Improvements.* In many cases, the success of Renovo's investment strategy will depend, in part, on the ability of Renovo to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing potential operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that Renovo will be able to successfully identify and implement such improvements.

*Nature of Mezzanine Securities.* Although senior equity securities and mezzanine debt are typically senior to common stock or other equity securities, a Fund may invest in senior equity and debt securities that will generally be unsecured and subordinated to substantial amounts of senior debt, all or a significant portion of which may be secured. In addition, these securities may not be protected by all of the financial covenants, such as the limitations upon additional indebtedness, typically protecting such senior debt. Holders of subordinated debt generally are not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full.

*Control Investments and Directorships.* Each Fund will acquire control positions in certain portfolio companies in which it invests. Additionally, officers and employees of Renovo may serve as directors of portfolio companies in which a Fund invests. The exercise of control over a company through a control position, or the service of an officer or employee of Renovo as a director of such company, could expose the assets of a Fund to claims by such company, its security holders and creditors, or impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations, and other types of liability in which general limited liability protections are ignored.

*Need for Additional Funds.* Following its initial investment in a portfolio company, a Fund may need or deem it appropriate to provide additional funds for the investment. There is no assurance that the Fund will be willing or able to fund such follow-on investments, or that the Fund will have sufficient uncommitted capital or available cash to provide additional funds to an asset. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative impact on an investment in need of such additional capital.

*Management Team of Portfolio Companies.* Each portfolio company's day-to-day operations will be the responsibility of its management team. Although Renovo will be responsible for monitoring the performance of each investment, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with Renovo's plans.

*Valuation of Investments.* Each Fund will rely on its General Partner for valuation of its assets and liabilities. Each Fund will primarily hold securities and other assets that will not have readily accessible market values. The valuation of illiquid securities and other assets is inherently subjective and subject to increase risk that the information utilized to value such assets or create pricing models may be inaccurate or subject to error. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Funds, there can be no guarantee that the value determined by the applicable General Partner will represent the value that will be realized by the Fund upon the disposition of the investment.

*Foreign Investments.* To the extent a Fund invests in portfolio companies organized or with substantial operations outside the United States, those investments will be subject to risks associated with foreign investment. These risks may include, but are not limited to, potential material adverse effects caused by inflation, currency devaluation, less

developed entity and finance laws and regulations, exchange rate fluctuations, repatriation or exchange control regulation, withholding or other taxes, changes in government policies (including foreign investment policy and taxation), social instability, and other political, economic or diplomatic developments in such countries.

*Public Company Investments.* Each Fund may invest a portion of its assets in publicly traded securities. Investments in securities of publicly traded companies may be sensitive to movements in the stock markets on which they are traded. Instability in the securities markets may also increase the risks inherent in these investments.

*Material, Non-Public Information.* By reason of a Fund investment in a portfolio company, Renovo may acquire confidential or material non-public information or otherwise be restricted from initiating transactions in certain securities. Renovo will not be able to act upon any such information. Due to these restrictions, Renovo may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell securities of a portfolio company that it otherwise might have sold.

*Minority Investments.* A Fund may invest in minority positions of portfolio companies. In such cases, the Fund will rely significantly on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund.

*Risk of Limited Number of Investments.* A Fund may participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single portfolio company. Other than as set forth in the applicable Governing Documents, investors have no assurance as to the degree of diversification of a Fund's investments, either by geographic region, relative sizes of investment, asset type, or sector. At a particular time, the Fund may have a significant portion or all of its investment capital in only one investment. In the event the Fund concentrates its investments by company, industry, security or geographic region, its results will be more susceptible to adverse economic and business conditions.

*Risks Upon Disposition of Certain Investments.* In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors to the extent of their commitments or previous distributions made to them.

*Natural Disasters or Other Events.* Natural disasters such as floods, hurricanes, and earthquakes or events of unrest such as acts of war, terrorist attacks, or riots could disrupt or impair the operations of the portfolio companies in which a Fund may invest, and could adversely impact the value of the Fund's investments.

### **Item 9-Disciplinary Information**

Neither Renovo nor any of its managing persons have been involved in any legal or disciplinary events in the past 10 years that it believes would be material to a Fund's or investor's evaluation of Renovo or its personnel.

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

Renovo organizes the Funds, for which affiliates of Renovo serve as general partner or in a similar capacity. For a description of the conflicts of interest created by the relationship among Renovo and the General Partners, see Item 11 below.

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

#### **Code of Ethics**

Renovo has adopted a code of ethics as part of its compliance manual (the "Manual") pursuant to Rule 204A-1 under the Advisers Act, which imposes ethical standards and duties on the partners, members, owners, principals, directors, officers, supervisors, employees, and certain other persons subject to Renovo's control and supervision (collectively referred to herein as "Covered Persons").

The Manual sets forth standards of conduct expected of all Covered Persons and it requires Covered Persons to comply with applicable federal securities laws. Covered Persons are expected to be familiar with the Manual and adhere to its provisions.

The Manual includes policies and procedures concerning "inside information" that are designed to prevent the misuse of material, non-public information. It prohibits Covered Persons from trading for Funds or themselves, or recommending trading, in securities of a company while in possession of material, non-public information about the company, and from disclosing such information to any person not entitled to receive it.

The Manual also addresses conflicts that could arise from personal securities trading by any Covered Persons. First, securities on the restricted list, initial public offerings, and private placements must be pre-cleared by Renovo's Chief Compliance Officer. Second, each Covered Person must submit quarterly reports containing all transactions not subject to an exception, for each of their personal securities account. Lastly, the Manual requires each Covered Person to submit to Renovo's Chief Compliance Officer at least annually a report of their securities so that they may be checked for compliance with the Manual.

Renovo will provide copies of the section of the Manual containing its Code of Ethics to the Funds upon request, at no charge.

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

Certain Principals, employees, and strategic advisors to Renovo may invest in the Funds, either through the General Partners, as direct investors in Funds that also include third-

party investors or through Funds that are formed for the Principals and Renovo's employees and strategic advisors which invest in parallel with another Fund. Such vehicles, referred to herein as "Parallel Funds," generally are required to exit their investments in each investment opportunity at substantially the same time and on substantially the same terms as the Fund that it is investing in parallel with. Parallel Funds do not typically pay Management Fees or Carried Interest.

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

### **Conflicts of Interest**

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Fund will face. Other conflicts are disclosed throughout this brochure and in each Fund's Governing Documents. This brochure and the applicable Governing Documents should be read in their entirety for other conflicts.

While Renovo believes that its interests with respect to the success of the Funds are generally aligned with the interests of the Funds' investors, instances may arise where the interests of Renovo, the Principals, the employees of Renovo, and their respective affiliates may potentially or actually conflict with the interests of the Funds and their investors. Although Renovo has established procedures to address such conflicts, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to the Funds and their investors.

*Fees and Expenses.* Each Fund will be responsible for all costs and expenses in connection with its operation, other than the costs and expenses that will be the responsibility of Renovo. To the extent possible, third-party expenses incurred in connection with consummated transactions will be borne by the respective portfolio companies. A potential conflict of interest exists in Renovo's determination whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of Fund operational expenses for which the Fund is responsible, or whether such expenses should be borne by Renovo. Each Fund will be reliant on the determinations of Renovo in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between a Fund and any other Funds advised by Renovo.

As discussed in Item 5, Renovo may be entitled to receive External Fees in connection with the purchase, monitoring or disposition of portfolio company investments or from unconsummated transactions. Generally, a Fund's Management Fee will be reduced by 100% of the Fund's share of the External Fees. However, as described more fully in the Governing Documents of each Fund, Renovo may determine that it is in the best interests of a portfolio company for a Renovo employee to take a full-time position as a senior executive of a portfolio company in lieu of an external hire. In connection with

such services, Renovo and/or such employee may receive External Fees and/or other compensation from such portfolio companies, and such compensation may not offset the Management Fee. As Parallel Funds generally do not pay Management Fees, any such reduction will not benefit such entities. Any such reduction of a Fund's Management Fees will be limited to the extent of such Fund's investment in a portfolio company in proportion to the aggregate investment of all Funds to the applicable portfolio company.

*Performance Based Compensation.* The existence of each General Partner's Carried Interest may create an incentive for Renovo to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such performance-based arrangement. In addition, if distributions to a Fund's investors are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the applicable Governing Documents. An independent appraisal generally will not be required and is not expected to be obtained.

*Diverse Investor Groups.* A Fund's investors may have conflicting investment, tax, and other interests with respect to their investments in the Fund. The conflicting interests of investors may relate to or arise from, among other things, the nature of investments made by a Fund, or their structuring, acquisition, or disposition. As a consequence, conflicts of interest may arise in connection with decisions made by Renovo, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investor-specific tax situations. In selecting and structuring investments appropriate for a Fund, Renovo will consider the investment and tax objectives of a Fund and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

*Allocation of Investment Opportunities.* Renovo allocates investment opportunities (in whole or in part) between Funds managed by Renovo in such manner as it believes to be appropriate given each entity's investment focus, capacity for new investments, diversification requirements, scheduled termination date, and any other factors Renovo determines to be relevant to such allocation decision. Notwithstanding the foregoing, Renovo will not be required to offer a Fund the opportunity to invest in any investments in portfolio companies of any other Fund.

Renovo has organized certain Parallel Funds which invest in parallel with other Funds. To the extent that any such Parallel Fund participates in the investments made by a Fund, such Parallel Fund and the Fund will co-invest pro rata on the basis of their respective total capital commitments at the time (subject to adjustment by the General Partner to reflect the effect of investors in a Fund or Parallel Fund who opt out or are excused or excluded from particular investments under the terms of the applicable Governing Documents) and, generally, on the same terms and conditions.

When possible and appropriate, Renovo may make co-investment opportunities available to some or all Fund investors (on such terms and conditions that Renovo and the investors participating therein agree). Renovo may allocate the available co-



investment opportunities among the Fund, the investors and any third party as Renovo may, in good faith, determine is in the best interests of the Fund.

Situations could arise whereby Renovo has an economic incentive to make a decision that favors one Fund above the other Funds. Allocation of available investment opportunities among the Funds could give rise to conflicts of interest. In addition, Renovo is likely to in the future establish one or more additional Funds with investment objectives substantially similar to, or different from, those of an existing Fund. Renovo recognizes that it must allocate such investment opportunities in a manner that is fair to each of the Funds, in light of the facts and circumstances of each situation.

### **Item 12-Brokerage Practices**

Renovo primarily invests Fund assets in private securities and does not regularly engage in trading of public securities. Accordingly, Renovo is generally not in a position to select a broker-dealer for any Fund transactions.

Renovo may distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer if a public trading market exists. Renovo may also sell securities in a Fund through privately negotiated transactions with or without the use of brokers or dealers. If Renovo sells publicly traded securities for the Fund, Renovo is responsible for directing orders to broker-dealers to effect securities transactions for the Funds. Renovo will select brokers on the basis of best price and execution capability. Renovo 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 minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although Renovo generally seeks competitive commission rates, Renovo will 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.

Renovo does not have any soft-dollar arrangements.

In the private equity context, aggregation of the purchase or sale of securities for multiple Fund accounts is generally not relevant.

### **Item 13-Review of Accounts**

The investments made by the Funds are generally private, illiquid, and long-term in nature. All investments are carefully reviewed by the relevant members of the Renovo team and approved by Renovo’s investment committee, including the Managing Partners. The Funds’ portfolio companies are reviewed on a continuous basis and Renovo’s investment professionals meet regularly to discuss potential transactions, economic developments, current events, investment strategies, and the Funds’ holdings.

Renovo provides quarterly unaudited financial statements and annual reports to investors in accordance with the terms of the applicable Fund's Governing Documents. Renovo also provides investors with audited financial statements annually as further described below under Item 15.

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

As discussed above in Item 5, Renovo may receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Governing Documents, this compensation may, in certain circumstances, offset all or a portion of the Management Fees paid by the Fund. However, in other circumstances, these fees would be in addition to Management Fees.

Renovo has not entered into, and does not currently intend to enter into, any solicitation arrangements pursuant to which it would compensate third parties for client referrals.

#### **Item 15-Custody**

Renovo is deemed to have custody over the cash and securities held by the Funds because Renovo and the General Partners serve as manager, adviser, and general partner or managing member (or similar capacity) to the Funds. As required by Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), Renovo maintains cash and securities with an independent qualified custodian. Most of the Funds are subject to an annual independent audit and audited financial statements prepared in accordance with generally accepted accounting principles, which are distributed to the Funds' investors in accordance with the Custody Rule. In addition, Renovo may provide investors with additional reports in accordance with the applicable Governing Documents.

#### **Item 16-Investment Discretion**

Renovo has discretionary authority to manage investments on behalf of the Funds. As a general policy, Renovo does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Renovo may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory, or other agreed-upon reasons. Renovo assumes this discretionary authority pursuant to the terms of each Fund's Governing Documents.

#### **Item 17-Voting Client Securities**

While Renovo generally has proxy voting authority on behalf of the Funds, it generally does not expect to be called upon to vote with respect to securities owned by the Funds. Renovo has adopted written policies and procedures to address how it will vote proxies for the Funds' portfolio investments. Renovo's policy is to exercise proxy votes in the best interest of the Funds. Investors cannot direct Renovo's vote in a particular solicitation.

When voting Fund proxies, Renovo will take into consideration all relevant factors, including without limitation, acting in a manner that Renovo believes will: (i) maximize the economic benefits to the Funds and (ii) promote sound corporate governance by the issuer. Renovo may be required to exercise a vote for a privately-held portfolio company, in which case the same procedures will apply.

Renovo will seek to avoid material conflicts of interest between the Funds and itself. The fiduciary duty Renovo owes to the Funds prohibits the adoption of a policy to enter default proxy votes in favor of board recommendations. However, as is common in private equity, Renovo seeks and accepts the election of one or more representatives to serve on the board of directors (or the equivalent thereof) on behalf of Funds and will typically, but not always, vote in favor of board recommendations and may be required to do so pursuant to contractual agreements with portfolio companies.

In situations where Renovo is required to vote the proxy for a company in which employees of Renovo serve on the board of directors (or the equivalent thereof), Renovo has determined that this does not inherently present a conflict of interest when the sole purpose of this representation is to maximize the return on the Funds' investment in such company. Accordingly, while Renovo is generally, but not automatically, fully supportive of recommendations made by a portfolio company's board of directors (or the equivalent thereof) with respect to proxy votes related to that issuer, it will review all proxies in accordance with the proxy voting guidelines outlined herein and may or may not vote in favor of the board's recommendation.

Renovo does not direct the Funds' participation in class actions.

A copy of Renovo's written proxy voting policies and procedures are available for review upon written request to Renovo's Chief Compliance Officer.

### **Item 18-Financial Information**

Renovo does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this Item 18.