

PART 2A OF FORM ADV

FIRM BROCHURE

INSIGNIA CAPITAL GROUP, L.P.
1333 N. CALIFORNIA BLVD., SUITE 520
WALNUT CREEK, CALIFORNIA 94596
PHONE: 925-399-8900
www.insigniacap.com

March 26, 2019

This Brochure provides information about the qualifications and business practices of Insignia Capital Group, L.P. (“Insignia”). If you have any questions about the contents of this Brochure, please contact Jeremy Thatcher at (925) 399-8900 or by e-mail at jthatcher@insigniacap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Insignia is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Moreover, registration does not imply that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. The CRD number for Insignia Capital Group, L.P. is 169772.

Item 2 – Material Changes

Insignia is an existing registered investment adviser and has submitted prior versions of this Brochure to regulators, clients and prospective clients. This amendment updates the description of the business practices of Insignia. Insignia filed its most recent Brochure on May 1, 2018. Any material changes to Insignia's business during the last year have been disclosed immediately below.

- As of March 25, 2019 Insignia appointed a new Chief Compliance Officer, Jeremy Thatcher.

At any time, you may view the current version of Insignia's Brochure on the SEC's website at www.adviserinfo.sec.gov.

Item 3 – Table of Contents

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES	ii
ITEM 3 – TABLE OF CONTENTS	iii
ITEM 4 – ADVISORY BUSINESS	1
ITEM 5 – FEES AND COMPENSATION	2
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	5
ITEM 7 – TYPES OF CLIENTS	5
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	6
ITEM 9 – DISCIPLINARY INFORMATION	12
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	12
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	12
ITEM 12 – BROKERAGE PRACTICES	13
ITEM 13 – REVIEW OF ACCOUNTS	17
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION	17
ITEM 15 – CUSTODY	17
ITEM 16 – INVESTMENT DISCRETION	18
ITEM 17 – VOTING CLIENT SECURITIES	18
ITEM 18 – FINANCIAL INFORMATION	18

Item 4 – Advisory Business

Insignia Capital Group, L.P., a Delaware limited partnership (the “Adviser” or “Insignia”) formed in 2011, provides discretionary investment advisory services to Insignia Capital Partners, L.P. (the “Fund”) and Insignia Capital Partners (Parallel A), L.P. (the “Parallel Fund”) (together, the “Combined Funds”), Delaware limited partnerships that are private investment funds. Insignia Capital Partners GP, L.L.C., a Delaware limited liability company and an affiliate of the Adviser (the “General Partner”), serves as the general partner of the Fund and the Parallel Fund. Insignia Capital Group GP, L.L.C., serves as the general partner to the Adviser.

The General Partner is subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which operates as a single advisory business together with the Adviser.

Insignia focuses on companies in the lower middle-market with low capital intensity, defensible market positions and good growth prospects. Insignia seeks to generate attractive returns by capitalizing on its strategic and operational experience to proactively and significantly improve company performance and achieve superior growth through business excellence. Each Combined Fund’s investment objectives and/or parameters are set forth in such Combined Fund’s governing documents and the private placement memorandum with respect thereto (the “Fund Documents”) provided to each investor in such Combined Fund (each, an “Investor” or “Limited Partner”). Unless otherwise expressly stated herein, the terms “Fund,” “Parallel Fund” and “Combined Funds” do not include “Investors.”

The Adviser does not tailor its advisory services to the individual needs of Investors, and Investors may generally not individually impose restrictions on investing in certain securities or types of investments. The Combined Funds’ Fund Documents set forth the Combined Funds’ investment strategy, including guidelines regarding the types of securities in which the Combined Funds will invest and portfolio limits (if any).

The Adviser or the General Partner may from time to time cause the Combined Funds to enter into side letter agreements or other similar agreements with one or more Investors that provide such Investors with terms additional to or different from those set forth in the Fund Documents. Any such side letter agreements or other similar agreements are also included in the definition of Fund Documents.

The Adviser is principally owned by David Lowe (Chief Executive Officer & Partner), Anthony Broglio (Partner) and Melvyn Deane (Partner). The general partner of the Combined Funds is the General Partner, which is principally owned by David Lowe, Anthony Broglio and Melvyn Deane.

The Adviser does not participate in wrap fee programs.

As of the date of this brochure, Insignia has a total of \$383,263,304 in regulatory assets under management across the Combined Funds all of which is managed on a discretionary basis.

Item 5 – Fees and Compensation

As further described below, Insignia is compensated for advisory services by a “management fee” based on capital invested with Insignia and by a share of capital appreciation on each of the Combined Funds’ investments (commonly known as “carried interest”). The carried interest is received by the General Partner. This compensation is negotiated separately with each Combined Fund. Each investor in each Combined Fund is a “qualified purchaser.”

Management Fees

The Fund pays Insignia a management fee of 2.0% per annum of aggregate capital commitments during the investment period, as defined in the Fund’s limited partnership agreement, and will thereafter pay a management fee of 1.5% per annum of invested capital as of the end of the investment period, subject to the provisions of the advisory agreement between Insignia and the Fund. The management fee is payable quarterly in advance. In the event the advisory agreement with the Fund is terminated, the Adviser shall refund any overpayment of the management fee (computed on the basis of the number of days elapsed). Any amount of Organizational Expenses (see definition below) borne by the Combined Funds in excess of \$2 million will reduce the management fee otherwise payable by an identical amount.

Carried Interest

The General Partner has 20% carried interest in the Fund. Subject to any necessary withholdings, the distribution of proceeds from any portfolio investment will be as follows. Proceeds are first allocated to all Limited Partners and the General Partner based on their respective percentage interests with respect to each portfolio investment. The share of proceeds allocated to each Limited Partner (“Limited Partner Allocation”) is then further allocated as follows:

- (i) First, 100% to the Limited Partners until they have received distributions from such portfolio investment and all realized portfolio investments that have been disposed of (“Realized Investments”) equal to (i) their capital contributions for all Realized Investments plus net losses from write-downs and (ii) their capital contributions for organizational expenses, management fees and partnership expenses allocable to the Realized Investments.
- (ii) Second, 100% to the Limited Partners until the cumulative distributions of proceeds represent an 8% compounded annual rate of return on the Limited Partner’s capital contributions attributable to Realized Investments.
- (iii) Third, 100% to the General Partner until the cumulative distributions to the General Partner from the Limited Partner Allocation equal 20% of the cumulative distributions to both the Limited Partners and the General Partner from the Limited Partner Allocation.
- (iv) Thereafter, 80% to the Limited Partners and 20% to the General Partner.

Neither Insignia nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

The Parallel Fund is subject to different fees and terms that have been individually negotiated with the investors in the Parallel Fund.

Other Fees

Insignia or its affiliates may receive certain fees from portfolio companies or prospective portfolio companies, such as directors' fees, transaction fees, monitoring fees, consulting fees, closing fees, topping fees, break-up fees or similar fees, in connection with activities performed on behalf of the Combined Funds, and in some instances 100% of such fees paid to Insignia or its affiliates, net of expenses related to the activities leading to the receipt of such fees, will reduce the management fee paid by the Combined Funds dollar for dollar.

It is important that Limited Partners refer to the applicable Fund Documents for a complete understanding of how the Adviser and the General Partner are compensated for services. This is particularly true with respect to performance-based compensation. The information contained herein is a summary only and is qualified in its entirety by such documents.

Expenses

The General Partner, the Adviser and their affiliates, but not the Combined Funds or any Limited Partner, primarily bear and are charged with the following costs and expenses of the Combined Funds' activities: (a) any costs and expenses of providing the office overhead necessary for the Combined Funds' operations and (b) the compensation of the General Partner's and the Adviser's personnel. In addition, the General Partner, the Adviser or their affiliates may, at their option, elect to pay all or any portion of Partnership Expenses (see definition below).

Subject to the Fund Documents, the Combined Funds bear and are charged with the following expenses of the Fund (collectively, the "Partnership Expenses"):

- (i) fees, costs and expenses for outside tax advisors, accountants, third-party administrators, attorneys, auditors, custodians, consultants, brokers, agents, valuation firms and other professionals and service providers;
- (ii) all out-of-pocket fees, costs and expenses, if any, incurred in developing, investigating, negotiating, structuring, trading, settling, monitoring, holding and disposing of actual portfolio investments, including, without limitation, any financing, legal, accounting, advisory, travel (including, where appropriate, meal and entertainment expenses) and consulting expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Combined Funds invest or other third parties);
- (iii) broken deal expenses, to the extent not reimbursed by an entity in which the Combined Funds have invested or propose to invest or by other third parties or capitalized as part of an acquisition;
- (iv) brokerage commissions, custodial expenses, agent bank and other bank service fees and other investment costs, fees and expenses actually incurred in connection with the making, holding, settling, monitoring or disposing of actual portfolio investments;
- (v) interest on and fees and expenses arising out of all borrowings made by the Combined Funds, including, but not limited to, the arranging thereof;
- (vi) the costs of any (x) litigation, (y) directors and officers liability or other insurance for the Combined Funds, the General Partner, the Adviser and their affiliates, and

- (z) any indemnification or extraordinary expense or liability relating to the affairs of the Combined Funds;
- (vii) Organizational Expenses (see definition below);
- (viii) expenses of liquidating the Combined Funds;
- (ix) any out-of-pocket expenses incurred in connection with the Combined Funds' legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation;
- (x) any taxes, fees or other governmental charges levied against the Combined Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Combined Funds;
- (xi) the expenses of the Combined Funds' limited partner advisory committee and meetings of Limited Partners as provided in Fund Documents; and
- (xii) expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provisions.

Please see Item 12 for further information regarding Insignia's brokerage procedures.

The Combined Funds bear and are charged with all out-of-pocket expenses incurred in connection with the organization and startup of the Combined Funds and the marketing and offering of interests therein and the organization and startup of the General Partner and the Adviser, including without limitation any related legal and accounting fees and expenses, travel expenses, capital raising expenses, filing fees and other organizational expenses (collectively "Organizational Expenses"); provided, that the management fees otherwise payable by the Combined Funds to the Adviser will be reduced by 100% of the amount of Organizational Expenses paid in excess of \$2,000,000, if any, and further provided that the General Partner shall not bear nor be charged with any Organizational Expenses.

From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by the Fund, on the one hand, or the Parallel Fund, on the other hand, and/or whether certain costs and expenses should be allocated between the Combined Funds, on the one hand, and one or more co-investment vehicles, on the other hand. Certain expenses may be suitable for only a particular Combined Fund or co-investment vehicle and borne only by such Combined Fund or co-investment vehicle. As a general matter, Combined Fund expenses typically will be allocated among the Combined Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Insignia or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size.

Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Combined Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all broken deal expenses relating to such

unconsummated transaction will be borne by the Combined Fund(s), and not by any prospective co-investors, that were to have participated in such transaction.

Additionally, the Adviser has retained, and may in the future retain, certain consultants, including operating partners, to provide services to one or more Combined Funds or certain current or prospective portfolio companies in which one or more Combined Funds invest. Such consultants generally provide services in relation to the identification, acquisition, holding, management, improvement and/or disposition of portfolio companies, including operational aspects of such companies. These services also include serving in management or policy-making positions for portfolio companies. Consultants, including operating partners, receive compensation, which may include, but is not limited to, cash fees, retainers, transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Combined Funds or General Partner, remuneration from the Adviser and/or its Combined Funds or affiliates or other compensation, which typically are determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such consultants, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Consultants also generally will be reimbursed for certain travel and other costs in connection with their services. No such amounts will offset the Management Fee. The use of consultants subjects the Adviser and its affiliates to conflicts of interest, as discussed under “Conflicts of Interest,” below.

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

As described in Item 5, the Adviser (or its affiliate, the General Partner) is, with respect to the Combined Funds, eligible to receive performance-based compensation upon the distribution of investment proceeds. Such fees may create an incentive for Insignia to make investments that are riskier or more speculative than in their absence. Insignia addresses this potential conflict through regular monitoring of the Combined Funds’ portfolios, as described in Item 13 of this Brochure, in order to help ensure that the Combined Funds’ investments are consistent with the Combined Funds’ investment guidelines and risk management policies. In addition, the General Partner, which includes individuals who are also management and employees of Insignia, has committed and co-invested a substantial amount of capital in the Combined Funds to meaningfully align the interests of Insignia with the interests of the Combined Funds. Further, the Fund Documents provide Limited Partners with extensive disclosure regarding the potential risks related to an investment in the Combined Funds, including material conflicts of interest.

Complete fee disclosures are provided to Limited Partners in the Fund Documents.

Item 7 – Types of Clients

The Adviser provides investment advisory services to pooled investment vehicles operating as private investment funds. Investors in such vehicles include pension plans, endowments, investment companies, trusts, foundations, family offices and high net worth individuals.

The Combined Funds offer interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. The Combined Funds are not offered to the general public.

The minimum capital commitment from an Investor in the Combined Funds is \$100,000.

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

Insignia's roadmap for success involves the following approach:

- 1) Differentiated value creation strategy through proven strategic and operational value-added initiatives.
- 2) Proactive, targeted focus on a limited number of attractive industry sectors.
- 3) Focus on control buyouts, with flexibility to make influential minority investments.
- 4) Rigorous and collaborative investment process, from deal sourcing to investment realization.

Investment Strategy and Process

The Combined Funds focus primarily on control buyouts in companies in the North American lower middle-market with low capital intensity, defensible market positions and good growth prospects. The Combined Funds seek to generate attractive returns by capitalizing on the Insignia's strategic and operational experience to proactively and significantly improve company performance and achieve attractive growth. As appropriate, Insignia seeks to:

- Lead strategic and operational business planning and improvement processes.
- Train and develop management in best practices and continuous improvement tools.
- Enhance business-critical infrastructure.
- Recruit highly-talented senior executives and Board members from extensive networks.
- Lead Board decision-making.
- Drive add-on acquisitions and capital markets strategies.
- Supplement management in interim senior executive roles when necessary.

Insignia focuses primarily and proactively on a few identified industry sectors in which Insignia believes there are attractive lower middle-market investment opportunities with potential for attractive returns on invested capital and manageable exposure to recessionary cycles. Insignia targets sectors where Insignia has prior experience and believes it can leverage its strategy to realistically and proactively add value. Insignia currently targets the following sectors: Consumer, Business Services and Healthcare, but it may from time to time identify new niche sectors for investment that fit Insignia's basic investment criteria and strategy. Insignia periodically revalidates the attractiveness of targeted sectors by evaluating the market size, growth characteristics, competitive dynamics, regulatory landscape, valuations and other underlying fundamentals of such sectors, and retains the flexibility to ultimately determine whether to invest in any given sector. Insignia seeks to target a balanced risk-adjusted portfolio diversified across attractive industry sectors.

Insignia employs a systematic and comprehensive due diligence process leveraging both internal and proven external resources, with due diligence findings reviewed periodically by all investment professionals. The process is typically conducted in a prioritized manner to ensure that critical issues are investigated upfront and generally involves in-depth evaluation of many factors that could affect the outcome of the investment. The ultimate objective of the due diligence process is to confirm and/or refine the investment thesis and, as appropriate, develop or modify post-investment strategic and operating plans.

Market and Investment Risks

Investing in securities, including interests in the Combined Funds, involves risk of loss that the Combined Funds and Investors should be prepared to bear, including the risk of loss of the entire amount invested.

Market Risks Generally

All investments bear the risk of the loss of capital. No guarantee or representation is made that the Combined Funds will achieve their investment objective or that Investors will not lose all or substantially all of their investment in the Combined Funds.

Economic Conditions

Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the Combined Funds and of the businesses that they may invest in. None of these conditions are within the control of Insignia.

No Assurance of Investment Return

The Combined Funds cannot provide assurance that they will be able to choose, make and realize investments in any particular company or portfolio of companies, and the Combined Funds cannot provide any assurance of an investment return. An investment in the Combined Funds should only be considered by persons who can afford a loss of their entire investment.

Reliance on the General Partner and the Adviser

Decisions with respect to the management of the Combined Funds will be made by the General Partner. The General Partner and the Adviser will have exclusive responsibility for the Combined Funds' activities. The success of the Combined Funds will depend on the ability of the General Partner to identify and consummate suitable investments and to dispose of investments of the Combined Funds for a profit. The loss of the services of one or more of Insignia's key personnel could have an adverse impact on the Combined Funds' ability to realize their investment objectives. There can be no assurance that each of the key employees of Insignia will continue to be affiliated with the Combined Funds through their anticipated term.

If at any time a key person event, as defined in the Fund Documents, occurs, the General Partner will promptly give notice of such event to the Limited Partners and the investment period will be automatically suspended for a 180-day period. During this interim period, as defined in the Fund Documents, the obligation of all Limited Partners to make capital contributions for portfolio investments, excluding follow-on or follow-up investments, shall be suspended. Unless, prior to the end of the interim period, 66 2/3% in interest of the combined Limited Partners elect to end the interim period and continue the investment period, the investment period shall be terminated as of the end of the interim period.

Risk of Investment Concentration

The Combined Funds may participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the Combined Funds may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all of the Combined

Funds' investments cannot reasonably be expected to perform well or even return capital, for the Combined Funds to achieve above-average returns, one or a few of their investments must generate returns well above market returns. There can be no assurance that this will be the case. In addition, other than as set forth in the Partnership Agreement, Investors have no assurance as to the degree of diversification of the Combined Funds' portfolio investments, either by geographic region, asset type or sector. Furthermore, if the Combined Funds co-invest with other private equity funds, a Limited Partner may have exposure to portfolio investments through more than one fund. In circumstances where the General Partner intends to dispose a portfolio investment or refinance all or a portion of the capital invested in a portfolio investment, there will be a risk that such disposition or refinancing may not be completed, which could lead to increased risk as a result of the Combined Funds having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Reliance on Portfolio Company Management Teams

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the General Partner will be responsible for monitoring the performance of each portfolio investment and the Combined Funds seek to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully. The success of many of the General Partner's portfolio companies is heavily dependent on the management of such companies. There can be no assurance that the management of a portfolio company on the date a portfolio investment is made will continue to be affiliated with the company throughout the period the portfolio investment is held. In addition, the General Partner will generally establish the capital structure of companies in which the Combined Funds invest on the basis of financial projections for such companies. Projected operating results will normally be based primarily on the judgment of the management of the portfolio company. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

Risks in Effecting Operating Improvements

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

Investments in Smaller or Less Established Companies

The Combined Funds may invest their assets in the securities of smaller or less established companies. Portfolio investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. To the extent there is any public market for the securities held by the Combined Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower

capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.

Non-U.S. Investments

The Combined Funds may invest a portion of their aggregate commitments outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Combined Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (iv) differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (v) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (vi) less developed corporate laws regarding fiduciary duties and the protection of investors.

Foreign Investment Controls

Foreign investment in securities of companies in certain of the countries in which the Combined Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Combined Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Combined Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Combined Funds, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Combined Funds invest or in other jurisdictions.

Investments with Third Parties

The Combined Funds may co-invest with third parties, thereby acquiring non-controlling interests in certain portfolio companies. The Combined Funds may not have control over these companies and, therefore, may have a limited ability to protect their positions therein. Such portfolio investments may involve risks not present in portfolio investments where a third party is not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such portfolio investment, may have economic or business interests or goals which are inconsistent with those of the Combined Funds, or may be in a position to take action contrary to the Combined Funds' investment objectives. In addition, the

Combined Funds may in certain circumstances be liable for the actions of their third party partners or co-investors.

Minority Investments

The Combined Funds may invest in minority positions of companies and in companies for which the Combined Funds have no right to exert significant influence. In such cases, the Combined Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Combined Funds are not affiliated and whose interests may conflict with the interests of the Combined Funds.

Illiquid and Long-Term Investments

Investment in the Combined Funds requires a long-term commitment with no certainty of return and should be viewed as an illiquid investment. There most likely will be little or no near-term cash flow available to Investors. Many of the portfolio investments will be highly illiquid and there can be no assurance that the Combined Funds will be able to realize returns on such portfolio investments in a timely manner. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to Investors. While a portfolio investment may be sold at any time, it is generally expected that this will not occur for a number of years after the portfolio investment in a portfolio company is made. The Combined Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the “Securities Act”), or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Combined Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Combined Funds hold freely tradable publicly traded securities, the Combined Funds’ position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Combined Funds wish to dispose of or reduce their position in such company by selling shares into the market.

Use of Leverage

While portfolio investments in leveraged companies offer the opportunity for capital appreciation, such portfolio investments also involve a higher degree of risk. The Combined Funds’ portfolio 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. Moreover, any rise in interest rates may significantly increase a portfolio company’s interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Combined Funds may suffer a partial or total loss of capital invested in the portfolio company.

Bridge Financings

From time to time, the Combined Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Combined Funds’ control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk

associated with the unsecured position taken by the Combined Funds. Bridge financings not refinanced within 18 months will be treated as portfolio investments.

Co-Investment Opportunities

There may be circumstances where an amount that would have otherwise been invested by the Combined Funds is instead allocated to co-investors, and there is no guarantee for any Limited Partner that it will be offered any co-investment opportunities. As a general matter, the General Partner, in determining the allocation of discretionary co-investment opportunities, expects to take into account various factors deemed relevant by the General Partner as more fully described in the Fund Documents and Item 11 below.

Hedging Policies/Risks

In connection with the financing of certain portfolio investments, the Combined Funds 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 the Combined Funds 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 Combined Funds than if they had not entered into such hedging transactions.

Unfunded Pension Liabilities of Portfolio Companies

Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Adviser intends to manage each Combined Fund's investments to minimize any such exposure, a Combined Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Combined Fund may own an 80% or greater interest in such a portfolio company. If such Combined Fund (or other 80%-owned portfolio companies of such Combined Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Combined Fund and the companies in which such Combined Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

It is critical that Limited Partners refer to the applicable Fund Documents for a complete understanding of the material risks involved in an investment in the Combined Funds. The information contained herein is a summary only and is qualified in its entirety by the Fund Documents.

Item 9 – Disciplinary Information

Neither the Adviser nor any of its management persons have any legal or disciplinary events outstanding or pending that would be material to an Investor's evaluation of the Adviser or the integrity of the Adviser's management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Insignia nor any of its management persons is registered, or has an application pending to register, as: (i) a broker-dealer; (ii) a registered representative of a broker-dealer; (iii) a futures commission merchant; (iv) a commodity pool operator; (v) a commodity trading advisor; or (vi) is an associated person of any of (iii), (iv) or (v).

The General Partner co-invests directly in the Combined Funds. The Adviser has adopted a Code of Ethics concerning trading by personnel of the Adviser that is designed to detect and prevent potential conflicts of interest between the Adviser and the Combined Funds and Investors. Please refer to Item 11 below for additional information regarding the Adviser's Code of Ethics.

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

Insignia has created a new company, ICG Shared Services, LLC in order to provide various services, such as shared selling services, to its portfolio companies, in a consulting capacity. ICG Shared Services, LLC assumes the employment of individuals that would otherwise be employed by more than one portfolio company. The portfolio companies pay consulting fees to ICG Shared Services, LLC. Any services provided to portfolio companies are provided on an "at cost" basis, resulting in no financial benefit for the Insignia.

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

Code of Ethics

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Adviser's "Access Persons." Access Persons include, generally, any officer or director of the Adviser and any employee or other supervised person of the Adviser (or an affiliate) who, in relation to the Combined Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All employees of the Adviser and affiliates of the Adviser are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires Access Persons to place the interests of the Combined Funds and Investors above their own interests and the interests of the Adviser and its affiliates. All Access Persons are required to acknowledge their receipt of, and agreement to abide by, the Code upon hire and at least annually thereafter. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "Chief Compliance Officer").

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Adviser's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

The Adviser manages the potential conflicts of interest inherent in personal trading by Access Persons through rigorous enforcement of its Code, which contains limitations on Access Persons' personal investment activities. Access Persons' personal securities transactions are required to be made in accordance with the Adviser's Code. In addition, the Adviser receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer reviews Access Persons' personal transaction and holdings reports in an effort to determine whether each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

Insignia's Access Persons keep the interests of the Adviser's clients placed first at all times. Trading in securities by Access Persons are permitted such that no Access Person may engage in any trade or order activity or investment if such activity is the result of exposure to material non-public information, or if such transaction is in conflict with an investment of the Combined Funds. In addition, Access Persons may invest in private investments and initial public offerings subject to the pre-approval and reporting requirements of the Code.

The Adviser maintains a "Restricted List" with the names of issuers of securities about which the Adviser (or its Access Persons) has learned material, non-public information or that may require, for business or legal reasons that the Combined Funds and Access Persons do not trade in the securities for a specific period of time. Access Persons are strictly prohibited from trading securities on the Restricted List without prior approval from the Chief Compliance Officer. The Chief Compliance Officer will not grant prior approval to an order or investment that anticipates (i.e., front runs) or competes with a customer/fund order. The Chief Compliance Officer generally will not grant prior approval to any transaction in Securities on the Restricted List, but may do so in situations where the transaction is determined to be in compliance with applicable laws and other contractual restrictions.

As explained in Item 10 above, the Adviser serves as investment adviser to the Combined Funds. The Adviser recommends interests in the Combined Funds to prospective Limited Partners. Access Persons of the Adviser have invested, and will continue to invest, in the Combined Funds through the General Partner co-investment.

The fact that Access Persons have financial ownership interests in the Combined Funds creates a potential conflict in that it could cause the Adviser and its affiliates to make different investment decisions than if Access Persons did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in the Adviser's Code of Ethics.

Limited Partners or prospective Limited Partners may obtain a copy of the Code by contacting the Chief Compliance Officer, Jeremy Thatcher, at jthatcher@insigniacap.com.

Conflicts of Interest

Allocation of Investment Opportunities. In connection with its investment activities, Insignia may encounter situations in which it must determine how to allocate investment opportunities among the Combined Funds and other persons, including but not limited to the Combined Funds,

co-investment vehicles that have been formed to invest side-by-side with one or more Combined Funds and other investors. In determining participation in such investment opportunities, Insignia must first assess whether an investment opportunity is appropriate for a particular Combined Fund or other Insignia managed entity based on its limited partnership agreement, as well as factors including but not limited to: investment and operating guidelines, portfolio diversification limitations, need for reserve capital, tax and regulatory considerations, investment restrictions, risk factors, and other relevant factors including any agreements with co-sponsors, existing shareholders at the underlying investment opportunity, and any other external parties that are not clients and other parties with a relationship with the Adviser. Insignia determines the allocation of investment opportunities in a manner that it believes is fair and equitable consistent with Insignia's obligations and taking into consideration, but not limited to, the factors set forth above.

Following such determination of allocation among the Combined Funds, Insignia will determine if the amount of an investment opportunity in which one or more of the Combined Funds will invest exceeds the amount that would be appropriate for such fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, sponsors, market participants, finders, consultants and other service providers, the Adviser's personnel and/or certain other persons associated with the Adviser and/or its affiliates. Insignia will refer to the relevant Combined Funds' limited partnership agreements, side letters and Insignia's procedures regarding allocations in making such determinations. Insignia's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in evaluating co-investment opportunities; expertise and sophistication of the prospective co-investor with respect to the issuer, industry or other characteristics that are relevant to the investment; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Insignia's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Insignia's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; the size of an investor's commitment(s) to the Combined Funds; the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment; lender requirements; whether the prospective co-investor is considered "strategic" to the investment; whether the prospective co-investor has a history of consummating co-investment opportunities with Insignia; the likelihood that the prospective co-investor would require governance rights that would complicate or jeopardize the transaction; whether the prospective co-investor has any interests in any competitor of the underlying investment; the size of the prospective co-investor's interest to be held in the underlying portfolio company as a result of a Combined Fund's investment; whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction; the extent to which the prospective co-investor has previously been provided a greater amount of co-investment opportunities relative to other co-investors; the prospective co-investor's current

priority in any rotation-based list maintained by Insignia; and other factors that Insignia considers important in connection with the specific transaction or investment.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Combined Funds making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more of the Combined Funds after such Combined Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Combined Fund by a co-investor or co-invest vehicle generally occurs shortly after the Combined Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Adviser's sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle, and to seek reimbursement to the relevant Combined Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Combined Fund.

The allocation of co-investment opportunities may involve a benefit to Insignia including, without limitation, fees or carried interest from the co-investment opportunity, and capital commitments to Combined Funds from investors who are granted such co-investment opportunities. Insignia may or may not charge management fees, one-time funding fees and/or carried interest in respect of co-investments, as it determines in its sole discretion. Any such fees may be calculated solely with respect to each co-investment. For the avoidance of doubt, except as otherwise agreed by Insignia, investment in a Combined Fund does not entitle investors to be presented with or otherwise participate in any co-investment opportunities.

Insignia's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Insignia will allocate investment opportunities in a manner that it believes in good faith is fair and equitable under the circumstances over time and considering relevant factors, there can be no assurance that an actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Insignia may be subject, discussed herein, did not exist.

The appropriate allocation among the Combined Funds and co-investors of fees and expenses incurred in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by Insignia and its affiliates in their good faith discretion, consistent with the policies and procedures of Insignia and the organizational documents of the Combined Funds, as applicable.

In exercising its discretion to allocate investment opportunities and fees and expenses, Insignia may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Combined Funds and/or co-investment vehicles with differing fee, expense and compensation structures, Insignia may have an incentive to allocate investment

opportunities to the Combined Funds from which Insignia or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

Side Letters. The general partner of a Combined Fund may enter into side letters or other similar agreements with certain investors in connection with their admission to such Combined Fund without the approval of any other investor. Such side letters or other similar agreements may alter and/or supplement the terms of such Combined Fund's governing documents in a manner that makes the terms applicable to such investors more favorable than those applicable to other investors. Such rights or terms in any such side letter may include, without limitation, (i) excuse rights applicable to particular investments; (ii) reporting obligations of the applicable general partner; (iii) waiver of certain confidentiality obligations; (iv) consent of the applicable general partner to certain transfers by such investor; (v) special rights with respect to co-investment; (vi) rights or terms necessary in light of particular legal, public policy or regulatory characteristics of an investor; (vii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors; (viii) additional obligations and restrictions of the general partner and a Combined Fund with respect to the structuring of any particular Investment in light of the legal, tax and regulatory considerations of particular investors; (ix) agreements to assist with the applicable tax filings and (x) certain obligations and restrictions on the General Partner with respect to the exercise of its discretion on certain matters.

Portfolio Company Conflicts. Principals and employees of Insignia may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of the Combined Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an employee of Insignia and such individual's duties as a director of such portfolio company.

Consultants. As described above, portfolio companies and/or the Combined Funds may pay certain fees to consultants, including operating partners and other consultants (including consultants introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the management fee paid by the Combined Funds. Consultants generally make use of the Adviser's resources or otherwise are associated with the Adviser. The Adviser and/or its affiliates also may agree to compensate certain of such persons. Consultants, including operating partners, generally receive investment opportunities, reimbursements and other compensation that do not offset the management fee paid by the Combined Funds. Although the use of consultants, including operating partners, and the allocation of compensation paid to them by the Adviser, its affiliates and/or the portfolio companies subjects the Adviser and/or its affiliates to potential conflicts of interest, the Adviser believes that such potential conflicts may be reduced if the cost of the consultant is at or below market rates for the services provided and/or if the services of the consultant align with the Adviser's model for the portfolio company and improve portfolio company performance. Although the Adviser seeks to retain consultants, including operating partners, with a view to reducing costs to portfolio companies (and, ultimately, the Combined Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from

such retention. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Limited Partners, and seeks to retain only consultants and service providers 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.

Item 12 – Brokerage Practices

As a general matter, Insignia invests in private transactions that are not executed on an exchange and does not utilize brokers. The Chief Compliance Officer must be consulted prior to any exceptions to this policy. The Chief Compliance Officer and managing partners will ensure that such transactions are executed in the best interests of the Combined Funds. Insignia recognizes that it has a duty to obtain "best execution" for any securities transactions made for the Combined Funds. Insignia does not have any soft dollar arrangements. In the private equity context, client referrals are not relevant to Insignia's selection or recommendation of broker-dealers. Insignia does not engage in directed brokerage arrangements.

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

If in the future Insignia's business involves a significant amount of direct trading with brokers or dealers, Insignia may adopt additional brokerage policies and procedures.

Item 13 – Review of Accounts

The Combined Funds' portfolio and investments will be under continuous review by Insignia's investment personnel and includes review of investment performance, valuation changes, market developments, adherence to investment guidelines and strategies, and risk analysis.

The Adviser provides quarterly written investor reports within 45 days after the end of each of the first three fiscal quarters of each fiscal year (subject to reasonable delays in the event of the late receipt of any necessary financial information from any portfolio company). Additionally, the Adviser provides an annual written investor report and annual audited financial statements within 90 days after the end of each fiscal year (subject to reasonable delays in the event of the late receipt of any necessary financial information from any portfolio company). Further, within sixty (60) days after each management fee payment date, the Adviser sends to each Investor who is a Limited Partner during the applicable period the details of the calculation of the management fee. Insignia reviews any report prepared by its fund administrator before a report is presented to Limited Partners.

Item 14 – Client Referrals and Other Compensation

Other than the compensation described in Items 5 and 6 of this Brochure, no one other than the Combined Funds provides an economic benefit to Insignia for providing investment advice or other advisory services.

Insignia, has, and may again in the future, enter into written arrangements with third parties to act as placement agents for Insignia's investment advisory business. Where applicable, all such

compensation will be fully disclosed to each client consistent with applicable law. Where applicable, all such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act as well as relevant SEC guidance. In general, third-party solicitors may receive a portion of the fees otherwise payable to Insignia.

Item 15 – Custody

The Adviser is deemed to have custody of the Combined Funds' assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2, the Adviser provides audited financial statements to Investors within 120 days after the end of the relevant Combined Fund's fiscal year, and generally within 90 days of the relevant Combined Fund's fiscal year end (i.e., by March 31).

As Insignia's investment program involves investments in private companies, the Adviser generally will be exempt from the requirement that those securities be maintained with a "qualified custodian." Insignia anticipates that the majority of its investments in private companies will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

To the extent that Insignia's investments involve securities that are certificated, but also are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering and (ii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer, the Adviser will maintain such certificates with a qualified custodian or otherwise rely on the provisions of the August 1, 2013 IM Guidance Update issued by the SEC's Division of Investment Management, which provide that certain certificated, privately-offered securities are no longer required to be maintained with a qualified custodian.

Item 16 – Investment Discretion

The Adviser has discretionary authority to manage securities accounts on behalf of the Combined Funds. The Adviser is authorized to make transaction recommendations for the Combined Funds. Limited Partners generally do not have the ability to impose limitations on the discretionary authority of the Adviser.

Each Investor must execute a subscription agreement in which it makes various representations, including representations regarding its suitability to invest in a high-risk investment pool. Further, each Investor must execute a limited partnership agreement that contains a limited power of attorney.

Item 17 – Voting Client Securities

The majority of investments are expected to be in private securities. Due to the nature of these investments, Insignia expects to have substantial authority to exercise voting rights with respect to such securities. Insignia understands and appreciates the importance of proxy voting. Insignia has developed policies and procedures (the "Proxy Policy") in the event that it must vote proxies on behalf of the Combined Funds.

The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies.

The Adviser generally believes its interests are aligned with those of the Fund's Investors through the General Partner's beneficial ownership interests in the Fund and therefore will not seek Investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund's limited partner advisory committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy.

For additional information about how any proxies were actually voted or a copy of the Adviser's proxy voting policies and procedures, please contact the Chief Compliance Officer, Jeremy Thatcher, at (925) 399-8900 or by email at jthatcher@insigniacap.com.

Item 18 – Financial Information

The Adviser does not require or solicit prepayment of client fees more than six months in advance. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. The Adviser has not been the subject of a bankruptcy petition.