

Part 2A of Form ADV: Firm *Brochure*

LEBARONBROWN HOLDINGS LLC

**LeBaronBrown Holdings LLC
400 Park Avenue, 21st Floor
New York, NY 10022
www.LeBaronBrown.com**

June 30, 2019

This Investment Adviser Brochure (this “*Brochure*”) provides information about the qualifications and business practices of LeBaronBrown Holdings LLC (“*LeBaronBrown*”). If you have any questions about the contents of this Brochure, please contact us at (212) 841-8500. 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.

LeBaronBrown is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”). Registration as an investment adviser does not imply a certain level of skill or training.

Additional information regarding LeBaronBrown is also available on the SEC’s website at **www.adviserinfo.sec.gov**.

Item 2. Material Changes

This is LeBaronBrown's initial filing of Form ADV, Part 2A.

However, prior to registration with the SEC as an investment adviser, LeBaronBrown operated as an Exempt Reporting Adviser as permitted for investment advisers managing \$150 million or less in Regulatory Assets Under Management ("**RAUM**") solely for private funds. This filing provides a description of the business practices of LeBaronBrown and its affiliates.

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Item 4. Advisory Business

LeBaronBrown, a Delaware limited liability company and a registered investment adviser, provides investment advisory services to privately offered investment funds. LeBaronBrown commenced operations in June 2015.

LeBaronBrown's current clients include the following (each, a "**Fund**," and together, the "**Funds**"):

- LeBaronBrown Industries LLC ("**LBB I**")
- LeBaronBrown Industries II LLC ("**LBB II**")

Except where otherwise specified, references to LeBaronBrown, the "**Adviser**" or to the "**Firm**" in this Brochure refer to LeBaronBrown Holdings LLC.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." The Firm's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted under certain conditions. From time to time, the Founders or other personnel of LeBaronBrown or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Firm's advisory services to the Funds are detailed in applicable offering documents (each, an "**Offering Document**"), limited liability or other operating agreements or governing documents (each, a "**LLC Agreement**" and, as applicable, together with any relevant Offering Document, the "**Governing Documents**") and are further described below under "*Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.*" Holders of equity interests in the Funds (each, an "**Investor**") participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other circumstances pursuant to the terms of the relevant LLC Agreement. The Funds or the Adviser may also enter into "**Side Letters**" or other similar agreements with certain investors that have the effect of establishing different or preferential rights or terms under, or altering or supplementing the terms (including economic or other terms) of, the relevant LLC Agreement with respect to such Investors including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Additionally, from time to time and as permitted by the relevant Governing Documents, the Adviser may provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain Investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, LeBaronBrown's personnel and/or certain other persons associated with LeBaronBrown and/or its affiliates. For more information, see "*Item 8. Methods of Analysis, Investment Strategies and Risk of Loss*", "*Conflicts of Interest*".

The Firm manages \$214,512,905 in client assets on a discretionary basis as of May 31, 2019. LeBaronBrown is principally owned and is controlled by Simon E. Brown and Matthew F. LeBaron (collectively referred to as the “*Founders*”).

Item 5. Fees and Compensation

In general, LeBaronBrown receives a management fee and a carried interest in connection with advisory services. As discussed below, LeBaronBrown or other Firm entities or affiliates may, from time to time, receive additional compensation in connection with management and other services performed for portfolio companies of the Funds.

Management Fees

LeBaronBrown has entered into a Management Services Agreement with LBB I’s portfolio company, which provides for the quarterly payment by the related portfolio company on behalf of LBB I, in advance, to the Adviser of an amount equal to 1.5% of the fair market value of the LBB I’s invested capital in the portfolio company, subject to a minimum of \$1.5 million per year beginning on December 31, 2018.

LeBaronBrown is entitled to a Management Fee from LBB II equal to \$1,000,000 per year, paid quarterly in advance, during the period from the effective date until the date of LBB II’s initial investment. Thereafter, LeBaronBrown is expected to receive a management fee from the as yet to be identified LBB II portfolio company on behalf of LBB II in an amount equal to 1.5% of the fair market value of LBB II’s invested capital in the portfolio company, subject to a minimum of \$1.5 million per year, payable quarterly in advance and for as long as the Adviser continues to provide management services to LBB II.

The Management Fee will be reduced by 100% of a Fund’s share of transaction, closing, monitoring, financial-advisory, break-up, termination or other similar fees paid to LeBaronBrown or its affiliates, other than amounts received by any employee or affiliate of LeBaronBrown (other than the Founders) from a portfolio company or its subsidiaries as compensation for services provided by such person as an employee of or in a similar capacity for the portfolio company. Such fees are net of the Firm’s expenses incurred in connection with the generation of such fees, as provided in the applicable LLC Agreement. To the extent that such an offset credit would reduce the Management Fee for a given fiscal quarter below zero, the credit will be carried forward for future application against payable Management Fees.

Carried Interest

LeBaronBrown will receive carried interest with respect to each Fund equal to 20% of all realized profits, as more fully described in the applicable LLC Agreement.

It is expected that any future funds of Adviser will have a similar fee structure.

Other Information

The Funds generally invest on a long-term basis. Accordingly, the Management Fee and other fees are expected to be paid, except as otherwise described in the LLC Agreement, over

the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds.

The Founders or other current or former employees of the Firm generally receive salaries and other compensation derived from the Management Fee and carried interest. As described below and in the Fund LLC Agreements, the Funds also reimburse expenses to LeBaronBrown or a LeBaronBrown affiliate/related person.

In addition to the Management Fee and carried interest payable to LeBaronBrown, each Fund bears or is expected to bear certain expenses either directly or indirectly through its portfolio company. As set forth more fully in the Governing Documents of each Fund, each Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's activities, investments, business, portfolio companies or actual or potential investments (including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company) to the extent not reimbursed by a portfolio company or potential portfolio company, including without limitation all fees, costs, expenses, liabilities and obligations relating or attributable to:

- (a) fees, costs and expenses of any administrators, custodians, attorneys and accountants (including audit and certification fees and the costs of printing and distributing reports to Investors),

- (b) all fees, costs and expenses, if any, incurred by or on behalf of the Fund in identifying, sourcing, conducting due diligence, negotiating and structuring prospective or potential portfolio investments, which are not ultimately made, including without limitation, any travel and entertainment, legal, tax, accounting, advisory and consulting and other similar costs and expenses in connection therewith,

- (c) all fees, costs and expenses, if any, incurred by or on behalf of the Fund in identifying, sourcing, conducting due diligence, negotiating and structuring prospective or potential portfolio investments, including without limitation, any travel (including business class airfare and hotel expenses) and entertainment, legal, tax, accounting, advisory and consulting and other similar costs and expenses in connection therewith,

- (d) without duplication, all out-of-pocket fees, costs and expenses, if any, incurred in structuring and disposing of a portfolio investment and/or any follow-on investment, including any financing, legal, accounting, advisory and consulting expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by the platform company or other third parties)

- (e) brokerage commissions, custodial expenses and other investment costs actually incurred in connection with the portfolio investment and/or any follow-on investment,

- (f) expenses of liquidating the Fund,

- (g) any out-of-pocket expenses incurred in connection with the Fund's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation (including Form PF),

- (h) D&O liability or other insurance of the Fund and/or the Investors,
- (i) expenses of meetings of the Fund and expenses associated with the preparation of the Fund's periodic reports and related statements (*e.g.*, financial statements, tax returns and Schedule K-1) and other reporting-related expenses in respect of the Fund and its activities,
- (j) the out-of-pocket costs of any litigation, indemnification or extraordinary expense or liability relating to the affairs of the Fund,
- (k) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund,
- (l) interest on and fees and expenses arising out of all borrowings made by the Fund, including, but not limited to, the arranging thereof, and
- (m) any out-of-pocket expenses incurred by the Fund in connection with the offering of additional units.

In addition to the above, pursuant to the relevant Management Services Agreement between LBB and the portfolio companies, each portfolio company is required to pay the out-of-pocket expenses of LBB and its personnel incurred in connection with the rendering of services thereunder, including travel (including business class airfare and hotel expenses) and entertainment. Such expenses will also be paid by the relevant portfolio company for its Advisory Board members.

The Adviser will permit certain Investors or other persons to co-invest in portfolio companies alongside a Fund, subject to LeBaronBrown's related policies and the relevant LLC Agreement and/or Side Letter(s). 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 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 or would otherwise be beneficial, in the judgment of LeBaronBrown, ultimately is not consummated, all broken deal expenses relating to such proposed transaction will be borne by the Fund, and not by any potential co-investors, that were to have participated in such transaction had it been consummated. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such broken deal expenses. See, "*Item 8. Methods of Analysis, Investment Strategies and Risk of Loss*," "*Conflicts of Interest*."

LeBaronBrown and/or its affiliates generally have discretion over whether to charge transaction fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. As discussed above, 100% of most of such fees (net of expenses) offset the Management Fee. In most circumstances, such compensation is not reviewed or approved by an independent third party and the rate is determined or substantially influenced by the Firm. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and LeBaronBrown and/or its affiliates on the other hand, because LeBaronBrown may have an incentive to perform the work rather than other service providers.

Item 6. Performance-Based Fees And Side-By-Side Management

As described under “*Item 5. Fees and Compensation*,” LeBaronBrown receives a carried interest allocation on certain realized profits in its Funds. Additionally, to the extent that LeBaronBrown personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

LeBaronBrown seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by the Firm or any Firm personnel. See, “*Item 8. Methods of Analysis, Investment Strategies and Risk of Loss*,” “*Conflicts of Interest*.”

The existence of performance-based compensation has the potential to create an incentive for LeBaronBrown to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although LeBaronBrown generally considers performance-based compensation to better align its interests with those of its Investors.

Item 7. Types Of Clients

LeBaronBrown provides investment advice to the Funds and may in the future provide advice to other private equity funds. The Funds are Delaware limited liability companies. Future private equity fund clients may include other forms of vehicles and may be organized under domestic or foreign laws. LeBaronBrown’s clients are operated as exempt investment pools under the Investment Company Act of 1940, as amended (“*IC Act*”). Depending upon which IC Act exemption the relevant Fund relies, the investors in the Funds are all “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended, and (ii) either (a) “qualified clients” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940, and/or (b) “qualified purchasers” within the meaning of Section 2(a)(51) under the IC Act.

The Funds may include alternative investment vehicles established, from time to time, in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons.

The Funds generally have a minimum investment amount of \$100,000 for third-party investors, and the Fund’s interests are offered and sold solely to accredited investors and qualified clients. Such minimum investment amount may be waived by LeBaronBrown.

Item 8. Methods Of Analysis, Investment Strategies And Risk Of Loss

General

The Firm is a private investment firm focused on investments in companies that have attractive long-term growth prospects. LeBaronBrown’s investment advisory services consist of

identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. LeBaronBrown's investment strategy for the Funds is to take equity interests in profitable companies and pursue an acquisition-driven build-up strategy during its ownership to deliver attractive returns to its investors. LeBaronBrown has a particular interest in acquiring founder-owned companies where the Fund is the company's first institutional capital and divisions or assets from larger companies that are being under-managed and require additional focus and management. Target companies generally will have EBITDA between \$5 million to \$50 million.

There can be no assurance that LeBaronBrown will achieve the investment objectives of any Fund and a loss of investment is possible.

Investment and Operating Strategy

General Strategy. LeBaronBrown's strategy is to partner with talented management teams to build operating companies into industry leaders over a period of time measured in decades, not years, and do so by combining operational excellence with an acquisition led growth program.

Deal Sourcing. LeBaronBrown focuses on four main avenues for deal flow: (1) actively represented companies; (2) proactive industry and executive research and networking; (3) corporate development executive correspondence; and (4) thought leadership and brand recognition. The Firm manages relationships with different types of intermediaries including brokers, bankers, lawyers and accountants in different ways. The Firm's goal is to remain top-of-mind with intermediaries of all types by maintaining consistent contact with them. Beyond the deal flow of intermediated companies, LeBaronBrown seeks to develop expertise in the sectors it pursues and is focused on specific, thesis-based markets, which include but are not limited to the specialty chemicals distribution sector and certain sub-sectors within industrial technology such as analytical instrumentation, test & measurement, electronic components, flow control and process control sectors. Investments are often evaluated in conjunction with senior industry executives who may take a full-time operating or board role post-closing. In addition, the Firm has a list of corporate development executive targets and contacts to provide insight into and become aware of corporate carve-outs.

Investment Evaluation. LeBaronBrown evaluates potential investment opportunities meeting basic type, sector, size and financial criteria through a strategy that focuses on: (1) industry fundamentals; (2) company specific competitive position; and (3) management's ability to execute. The Firm seeks companies with a differentiated product and market position, which operate in markets with positive long-term market growth. Additionally, LeBaronBrown seeks companies with stable free cash flow and prospects of actionable add-on acquisitions to grow the platform.

Post-Investment Operations. Post-acquisition, LeBaronBrown is actively engaged in setting the strategic direction of the business in areas including building out the team, developing growth strategies, identifying acquisition opportunities, building technology for resiliency and scalability, and improving overall systems and reporting to help the acquired company plan and execute its growth plans during LeBaronBrown's ownership period and beyond. The Firm is

involved in recruiting and hiring senior executives across its portfolio companies and the Firm's founders expect to regularly tap their network to bring talented individuals to companies that might not have access to such talent without the involvement of LeBaronBrown.

Investment Monitoring. LeBaronBrown monitors and evaluates a portfolio company's performance through monthly executive committee meetings and quarterly board meetings and with a view toward building for the long-term.

Risks of Investment

Each Fund and its investors bear the risk of loss that LeBaronBrown's investment strategy entails. The risks involved with LeBaronBrown's investment strategy and an investment in a Fund include, but are not limited to:

Potential Loss of Capital. Investors may lose all, or substantially all, of their investment in the Funds. Investments are exposed to the risk of the loss of capital.

Business Risks. Each Fund's investment portfolio consists of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Investment in Junior Securities. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

Concentration of Investments. A Fund will participate in a limited number of investments and will seek to build a platform company in an industry or a series of related industries. As a result, a Fund's investment portfolio will be highly concentrated, and the performance of a portfolio company in a particular industry may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if sufficiently attractive investment opportunities are not identified. However, a Fund's Investors will be required to bear management and other fees through the Fund during the investment period based on the fair market value of the Funds' investments as set forth in the applicable LLC Agreement.

Small Buyout Transactions. The Funds' strategy includes targeting small buyout investments. While small buyout investments offer the opportunity for significant capital gains, such investments may involve a significant business and financial risk that can result in substantial or total loss. Small buyout portfolio companies have smaller profit bases from which to fund their growth and operational needs. Small buyout portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Illiquidity; Lack of Current Distributions. An investment in a Fund is an illiquid and long term investment. It is uncertain as to when profits, if any, will be realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment.

Leveraged Investments. A Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the applicable Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest may not be rated by a credit rating agency. A Fund may also borrow money or guarantee indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by LeBaronBrown or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Fund's Investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Additional Capital Contributions; Defaults. Each Investor will be required to bear its pro rata share of amounts required to be contributed to a Fund generally up to the amount of its then unpaid capital commitment. LeBaronBrown will determine the fair market value of the Fund at the time of each capital contribution by the Investors, and a corresponding number of units will be issued to the contributing Investors in accordance with the applicable LLC Agreement. In addition, if an Investor fails to pay when due installments of any amount due under the applicable LLC Agreement, and the capital contributions made by non-defaulting Investors and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due and may be subjected to significant penalties that could materially adversely affect returns to the Investors. If an Investor defaults,

it may be subject to various remedies as provided in the LLC Agreement including, without limitation, reductions in its capital account balance/percentage interest and other customary default remedies. LeBaronBrown may also require an additional funding of capital commitments from the non-defaulting Investors, to the extent of their unpaid capital commitments, to fund the shortfall caused by the defaulting Investor.

Additional Capital. The Funds' portfolio companies may require additional financing to satisfy their working capital requirements, capital expenditures and potential additional acquisitions. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. Between the initial closing date and the final closing date for LBB II, LeBaronBrown may admit new members or permit existing members to increase their capital commitment in accordance with the applicable LLC Agreement. At any time during the LBB I term and at any time following the final closing date for LBB II, LeBaronBrown may admit one or more additional Investors or permit existing Investors to increase their capital commitment on the terms determined by LeBaronBrown in its sole discretion, subject to the Investors' participation rights set forth in the applicable LLC Agreement. The terms of such additional capital contributions, including the associated fair market value, may differ materially from the terms of the initial capital contributions. Investors subscribing for interests in a Fund or increasing their capital commitment at subsequent closings and/or following the final closing date will participate in the investment in the portfolio company, diluting the interest of existing Investors therein. Although any such new Investor will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Fund's existing investments at the time of such contributions. In addition, future co-investments from third-party investors may dilute a Fund's investment in its portfolio company. Such co-investments may be made at different times and on different terms from investments by the Fund.

Subscription Lines ("Lines of Credit" or "LOCs"). Although there are no existing LOCs with either Fund, a Fund may enter into a LOC with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects Investors to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of LeBaronBrown's right to call capital from the Investors, Investors may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. In addition, use of LOCs may inflate the performance of the Fund since performance is calculated based on when capital is called, not when the LOC is initiated. Moreover, any Investor claim against the Fund would likely be subordinate to the Fund's obligations to a LOC's creditors.

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

Documents, it may be higher than the interest rate an Investor could obtain individually. To the extent a particular Investor's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact an Investor's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation.

A credit agreement may contain other terms that restrict the activities of a Fund and the Investors or impose additional obligations on them. For example, a LOC may impose restrictions on LeBaronBrown's ability to consent to the transfer of an Investor's interest in the Fund. In addition, in order to secure a subscription line, LeBaronBrown may request certain financial information and other documentation from Investors to share with lenders. LeBaronBrown will have significant discretion in negotiating the terms of any LOC and may agree to terms that are not the most favorable to one or more Investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows LeBaronBrown to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for Investors that would not arise had LeBaronBrown called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for an Investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Investor to meet the accumulated, larger capital calls at the same time. A Fund may also utilize Fund-level borrowing when LeBaronBrown expects to repay the amount outstanding through means other than Investor capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, Investors would end up with increased exposure to the underlying investment, which could result in greater losses.

Limited Transferability of Fund Interests. There will be no public market for a Fund's interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the applicable LLC Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to a Fund's Investors and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Investors. After a distribution of securities is made to such Investors, many Investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Investors may be lower than the value of such securities determined pursuant to the applicable LLC Agreement, including the value used to determine the amount of carried interest available to LeBaronBrown with respect to such investment.

Consultants, Advisors and Operating Partners. LeBaronBrown or its affiliates may engage and retain consultants, senior advisors, strategic advisors, operating partners, executive

advisors and/or other similar professionals who are not employees or affiliates of LeBaronBrown or its affiliates and who may, from time to time, receive payments from, or allocations with respect to, a portfolio company (as well as from a Fund). One or more of these strategic advisors, senior advisors, consultants, operating partners, executive advisors and/or other professionals, as well as one or more employees of LeBaronBrown or its affiliates, will have the ability to co-invest alongside a Fund in a portfolio company, or otherwise participate in equity plans for the management of a portfolio company, receive carried interest or other similar profit participation arrangements, or invest directly in a Fund, subject to reduced or waived management fees and/or carried interest borne by the portfolio company. The nature of the relationship with each of the strategic advisors, senior advisors, consultants, operating partners, executive advisors and/or other professionals and the amount of time devoted or required to be devoted by them may vary considerably. In certain cases, they may have certain attributes of LeBaronBrown or its affiliates “employees” (e.g., they may have dedicated offices at the Company’s place of business, have a LeBaronBrown job title; have a LeBaronBrown email address, participate in general meetings and events for LeBaronBrown personnel, work on LeBaronBrown matters as their primary or sole business activity) even though they are not considered employees of LeBaronBrown or its affiliates, and such persons’ responsibilities may include functions typically provided by employees. There can be no assurance that any of the executive advisors, senior advisors, consultants, operating partners and/or other professionals will continue to serve in such roles and/or continue their arrangements with LeBaronBrown, a Fund and/or a portfolio company throughout the term of the Fund.

Reliance on the Adviser and Portfolio Company Management. Control over the operation of a Fund will be vested with LeBaronBrown, and the Fund’s future profitability will depend largely upon the business and investment acumen of the Founders. The loss or reduction of service of one or more of the Founders could have an adverse effect on a Fund’s ability to realize its investment objectives. In addition, the Founders may in the future manage other investment funds besides the Funds and the Founders may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Founders. Investors generally have no right or power to take part in the management of their Fund, and as a result, the investment performance of such Fund will depend on the actions of LeBaronBrown. In addition, certain changes in LeBaronBrown or circumstances relating to the Firm may have an adverse effect on its Fund or one or more of its portfolio companies, including potential acceleration of debt facilities.

Although LeBaronBrown will monitor the performance of the applicable Fund investments, it will primarily be the responsibility of each portfolio company’s management team to operate such portfolio company on a day to day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with such Fund’s objectives.

Absence of Operating History. A Fund will be entirely dependent on LeBaronBrown. There can be no assurance that a Fund’s investments will achieve results similar to those attained by previous investments of the Founders. In addition, a Fund’s investments may differ from previous investments made by the Founders in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular

company, types of companies within a particular industry sector, amount of leverage used, structure, and holding period.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by LeBaronBrown in its discretion. In all cases, projections are only an estimate of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Conflicting Investor Interests. A Fund's Investors may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by LeBaronBrown regarding an investment that may be more beneficial to one Investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, LeBaronBrown generally will consider the investment and tax objectives of the Fund, not the investment, tax, or other objectives of any Investor individually.

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

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

Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by LLCs such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the LLC's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation could adversely affect the ability of the Founders, employees or other individuals associated with the Funds, LeBaronBrown or the Adviser who were or may in the future be granted direct or indirect interests in LeBaronBrown, to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from the Funds and LeBaronBrown, which could make it more difficult for the Firm and its affiliates to incent, attract and retain individuals to perform services for the Funds. These same issues

may also apply to officers, directors and employees of the Funds' portfolio companies if such persons receive a profits interest in such companies.

Alternative Investment Fund Managers Directive. The European Union (“EU”) Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). To the extent a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) the Fund will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional costs and expenses; (ii) the Fund and LeBaronBrown may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) LeBaronBrown will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of commitments.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the applicable Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the applicable Fund and/or its Investors with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or its Investors. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S.

jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements; Related Regulation. LeBaronBrown may (but is not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. Such Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("*OTC*") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for LeBaronBrown and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Public Company Holdings. A Fund's investment portfolio may contain securities and debt issued by publicly-held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board Investors, including LeBaronBrown's Founders, and increased costs associated with each of the aforementioned risks.

Non-controlling Investments. A Fund may hold meaningful minority stakes in privately held companies, and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Litigation. In the ordinary course of its business, a Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the Firm's and its Founders' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that its Adviser believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objectives.

Ability to Finance and Consummate Investments. A Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events occur, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

Valuation of Assets. There is not expected to be an actively traded market for the securities owned by the Funds. When estimating fair value, LeBaronBrown will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by LeBaronBrown may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees. See “Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss,” “Conflicts of Interest”.

Unfunded Pension Liabilities of 80%-Owned Portfolio Companies. Recent court decisions have suggested that, where an investment fund owns 80% or more 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 Fund intends to manage its investments to minimize any such exposure, the Fund may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If the Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests 80% or more of the equity.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, a Fund and LeBaronBrown may be required to make (and/or be responsible for another person’s or entity’s breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, its investors.

Risks in Effecting Operating Improvements. In some cases, the success of a Fund’s investment strategy will depend, in part, on the ability of the Fund to 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. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that a Fund will be able to successfully identify and implement such improvements.

Material Non-Public Information. As a result of the operations of LeBaronBrown and its affiliates, LeBaronBrown frequently comes into possession of confidential or material non-public information. Therefore, LeBaronBrown and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment

which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or LeBaronBrown's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Cybersecurity Breaches and Identity Theft. Cyberattacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners (including vendors and portfolio companies), may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. LeBaronBrown and its portfolio companies' information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Cyberattacks may also take the form of socially-engineered frauds, such as "phishing". There have been reports of alleged Chinese and Russian hacking attempts on American corporate intellectual property and LeBaronBrown and the Funds' portfolio companies may be at risk of cyberattacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of LeBaronBrown's systems to disclose sensitive information in order to gain access to LeBaronBrown's data or that of the Funds' investors or portfolio companies. Companies and service providers have also been subject to "ransomware" attacks. As further evidence of the increasing and potentially significant impact of cyber security breaches, in 2016 and 2017, the U.S. government and several multinational companies, including financial institutions and retailers, reported cyber security breaches affecting their computer systems that resulted in the personal information of millions of citizens, customers and employees being compromised.

If these systems are compromised, become inoperable for extended periods of time or cease to function properly, LeBaronBrown, the Funds and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in LeBaronBrown's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including confidential or proprietary client information and/or personal information relating to investors (and the beneficial owners of investors). Such a failure could harm LeBaronBrown's, the Funds' and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims, regulatory penalties, or otherwise affect their business and financial performance. Cyber threats and/or incidents could cause financial costs from the theft of the Funds' assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to, litigation costs, preventative and protective costs and remediation costs. In addition, LeBaronBrown's, the Funds' and/or a portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates or counterparties for incurred liabilities.

LeBaronBrown and its Funds', investors' and portfolio companies' information and technology systems may be vulnerable to actual or perceived damage or interruption from

computer viruses; infiltration by unauthorized persons and security breaches; and other disruptive behavior including denial-of-service attacks. Such activities may also create liabilities in respect of LeBaronBrown and/or its portfolio companies to third parties. Furthermore, LeBaronBrown and its portfolio companies may be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

Data Protection Considerations. Prospective investors from countries in the European Union should be aware that, in considering and/or making an investment in a Fund, and interacting with a Fund, its affiliates, agents, advisers and/or delegates by: (i) submitting subscription documents, (ii) communicating through telephone calls, written correspondence and emails (all of which may be recorded); or (iii) providing personal data concerning individuals connected with the investor, such as directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners, advisers and/or agents, they may be providing the Fund, its affiliates, agents, advisers and/or delegates with personal data, as defined in any applicable EU data protection legislation.

United Kingdom Exit from the European Union. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum, referred to as Brexit. On March 29, 2017, the United Kingdom served formal notice on the European Union to commence the period during which the United Kingdom and the remaining European Union member states negotiate the terms of the United Kingdom's withdrawal from, and the framework for any future relationships with, the remaining member states. The United Kingdom was scheduled to leave the European Union on March 29, 2019 but has sought two extensions and is now scheduled to leave on October 31, 2019. This election to withdraw has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom and the European Union determine which European Union laws to replace or replicate after the effectiveness of the withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal.

Brexit has harmed and may continue to harm global economic conditions and the stability of global financial markets. For example, Brexit introduced significant volatility in global stock markets and currency exchange rate fluctuations that resulted in the strengthening of the U.S. dollar against foreign currencies. This volatility will likely continue while the United Kingdom and the European Union negotiate the terms of the withdrawal, as well as after the withdrawal takes effect. In November 2018, the European Union and the United Kingdom agreed upon the terms of the United Kingdom's withdrawal from the European Union, including a transitional period until December 31, 2020. If the agreement is not ratified by the European Union and United Kingdom before the end of October 2019, then, absent the United Kingdom withdrawing its notice or members of the European Union agreeing to further extensions, the United Kingdom will leave the European Union with no agreements in place beyond those temporary arrangements which have or may be put in place by the European Union or individual European Union Member States, and the United Kingdom as part of no-deal contingency efforts and those conferred by mutual membership of the World Trade Organization. Given the lack of comparable precedent, it is unclear what financial, trade and legal implications the United

Kingdom leaving the European Union with no agreements in place would have and how such withdrawal would affect our business and operations.

As a result of Brexit, the manner in which the Funds and their portfolio companies invest in assets located within the United Kingdom and the European Union may be impacted.

Delayed Schedule K-1s. A Fund may not be able to provide final Schedule K-1s to Investors for any given fiscal year until after April 15 of the following year. The Funds will endeavor to provide Investors with final Schedule K-1s or with estimates of the taxable income or loss allocated to their investment in the Funds on or before such date, but final Schedule K-1s may not be available until the Funds have received tax-reporting information from their portfolio companies necessary to prepare final Schedule K-1s. Investors may be required to obtain extensions of the filing dates for their U.S. federal, state and local income tax returns.

General U.S. and Non-U.S. Legal, Tax and Regulatory Risks. The U.S. and non-U.S. federal, state and local laws and tax and regulatory considerations affecting the ability of a Fund to achieve its investment objectives are subject to change and could materially and adversely affect its portfolio company and prospects of the Fund. There can be no assurance that (i) regulations applicable to a portfolio company at the time of acquisition will not be revised or reinterpreted; (ii) new laws and regulations will not be adopted or become applicable to a portfolio company; (iii) the technology and equipment selected by a portfolio company to comply with current and future regulatory requirements will meet such requirements; (iv) a portfolio company's business and financial conditions will not be materially and adversely affected by such future changes in, or reinterpretation of, laws and regulations (including the possible loss of exemptions from laws and regulations) or (v) regulatory agencies or other third parties will not bring enforcement actions in which they disagree with regulatory decisions made by other regulatory agencies. Furthermore, it is possible that new U.S. or non-U.S. taxes on a portfolio company's industry could be implemented and/or U.S. or non-U.S. tax benefits could be eliminated or reduced, reducing the profitability of the portfolio company and its available cash flow. Any of the foregoing events could have a material adverse effect on the financial condition and business operations of a portfolio company.

Recently Enacted Partnership Audit. A Fund may be liable for adjustments to its tax returns as a result of recently enacted legislation. Legislation was recently enacted that significantly changes the rules for U.S. federal income tax audits of entities treated as partnerships for U.S. federal income tax purposes. Such audits will continue to be conducted at the partnership level, but with respect to tax returns for taxable years beginning after December 31, 2017, and, unless a partnership qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership. Under the elective alternative procedure, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. There can be no assurance that the Funds will be eligible to make such an election or that it will, in fact, make such an election for any given adjustment. If a Fund does not or is not able to make such an election, then (a) the then current Investors, in the aggregate, could indirectly bear income tax liabilities in excess of the aggregate amount of taxes that would have been due had the Fund elected the alternative

procedure, and (b) a given Investor may indirectly bear taxes attributable to income allocable to other Investors or former Investors, including taxes (as well as interest and penalties) with respect to periods prior to such Investor's ownership of interests in the company. Amounts available for distribution to the Investors may be reduced as result of the Fund's obligations to pay any taxes associated with an adjustment. Many issues and the overall effect of this new legislation on the Fund are uncertain, and potential investors should consult their own tax advisors regarding all aspects of this legislation as it affects their particular circumstances.

Withholding and Other Taxes. LeBaronBrown intends to structure the Funds' investments in a manner that is intended to achieve the Funds' objectives. There can be no assurance, however, that the structure of any investment will be tax efficient for any particular Investor or that any particular tax result will be achieved. Also, tax reporting requirements may be imposed on Investors under the laws of the jurisdictions in which Investors are liable to taxation or in which the Fund makes portfolio investments. Furthermore, the Fund's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which the Fund's portfolio companies are organized. In addition, certain of the portfolio investments may result in the receipt of taxable income without a corresponding receipt of cash or property.

Conflicts of Interest¹

LeBaronBrown and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities and providing transaction-related, management and other services to the Funds and portfolio companies. LeBaronBrown will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant LLC Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of LeBaronBrown conducting its activities, the interests of a Fund may conflict with the interests of LeBaronBrown, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, LeBaronBrown will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by LeBaronBrown through such Fund.

LeBaronBrown must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. LeBaronBrown generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's investment strategy.

LeBaronBrown may offer co-investment opportunities to one or more potential co-investors, including third parties, as determined by the Fund's LLC Agreements, Side Letters

¹ Certain other parts of this Form ADV Part 2A include discussions of conflicts of interest. The reader should also review those discussions of conflicts.

and LeBaronBrown's procedures regarding allocation. LeBaronBrown's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; 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; LeBaronBrown'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 LeBaronBrown'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; ability of the prospective investor to invest an amount of capital consistent with the needs of the investment (including for potential add-on acquisitions); lender requirements; whether LeBaronBrown believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or LeBaronBrown; the prospective investor's history of co-investing with LeBaronBrown; whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; the likelihood that the prospective co-investor would require governance rights that would complicate or jeopardize the transaction or would be willing to defer to LeBaronBrown in governing the investment; 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; whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions; the extent to which the prospective co-investor has previously been provided a greater amount of co-investment opportunities relative to other prospective co-investor; the expected investment holding period; services provided by the prospective co-investor with respect to the investment; and any other reason for including a potential co-investor as determined in the sole discretion of LeBaronBrown. LeBaronBrown may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by LeBaronBrown or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may be offered to some and not to other LeBaronBrown investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of LeBaronBrown and its affiliates make capital investments in or alongside certain Funds, LeBaronBrown and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

LeBaronBrown'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 LeBaronBrown will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's 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 LeBaronBrown may be subject, discussed herein, did not exist.

Subject to any relevant restrictions or other limitations contained in the LLC Agreements of the Funds, LeBaronBrown will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, LeBaronBrown may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant 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 LeBaronBrown using its 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). Funds may have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in Funds bearing different levels of expenses with respect to the same investment.

In certain cases, LeBaronBrown will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant LLC Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, LeBaronBrown will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant LLC Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

As a result of the Funds' controlling interests in portfolio companies, LeBaronBrown and/or its affiliates typically have the right to appoint portfolio company board members (including current or former LeBaronBrown personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Firm's representatives and the Funds to potential liability.

Additionally, a portfolio company typically will reimburse LeBaronBrown or service providers retained at LeBaronBrown's discretion for expenses (including without limitation travel expenses) incurred by LeBaronBrown or such service providers in connection with its performance of services for such portfolio company. This subjects LeBaronBrown and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in

these reimbursements. LeBaronBrown determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

LeBaronBrown generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for products or services with (i) LeBaronBrown or a related person of LeBaronBrown (which may include a portfolio company of a Fund), (ii) an entity with which LeBaronBrown or its affiliates or current or former members of their personnel has a relationship or from which LeBaronBrown or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain members or their affiliates. For example, LeBaronBrown may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain members or their affiliates that are engaged in lending or related business. This discretion subjects LeBaronBrown to conflicts of interest, because although LeBaronBrown selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, LeBaronBrown may have an incentive to recommend the related or other person (including an Investor) because of its financial or other business interest, such as an interest in maintaining goodwill between itself and its former, existing and prospective portfolio companies. There is a possibility that LeBaronBrown, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or LeBaronBrown), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not LeBaronBrown has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at higher quality or lesser cost.

From time to time LeBaronBrown may cause the Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another investment vehicle. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Fund's LLC agreements or otherwise in the sole discretion of LeBaronBrown, LeBaronBrown may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the Fund (including, where authorized, the consent of the Fund's advisory board) to such transactions. In certain circumstances, LeBaronBrown may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. LeBaronBrown intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to the Fund under the circumstances, including a consideration of the potential present and future benefits with respect to the Fund.

LeBaronBrown and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by LeBaronBrown and/or its affiliates; conversely, former personnel or executives of LeBaronBrown and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by LeBaronBrown. Similarly, LeBaronBrown, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, LeBaronBrown and/or its affiliates, and/or the Funds or other investment vehicles they advise. LeBaronBrown may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide LeBaronBrown information about markets and industries in which LeBaronBrown operates (or is contemplating operations) or will provide other services that are beneficial to LeBaronBrown. LeBaronBrown may have a conflict of interest in making such recommendations, in that LeBaronBrown has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by LeBaronBrown, are reimbursed by a Fund and/or its portfolio companies, LeBaronBrown will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon the fair market value of a Fund's invested capital in a portfolio company, this fee structure may create an incentive to deploy capital when LeBaronBrown may not otherwise have done so. In addition, because the determination of the fair market value of the Fund's invested capital in a portfolio company for purposes of calculating the MSA management fee is determined by LBB, LBB is incented to make determinations concerning inputs and other criteria related to the fair market value calculation that have the impact of increasing the Management Fee. Unlike many other private equity funds, neither of the Funds has in place an Advisory Board or Limited Partner Advisory Committee with the role of reviewing valuations of the Funds' assets. It is, however, the case that LBB is required to cause a nationally-recognized independent valuation firm to provide a valuation of the invested capital of the relevant Fund in its portfolio company on an annual basis, and if at least 66 2/3% of the non-LBB related members object to the LBB valuation, each Fund's LLC Agreement includes a mechanism for resolving disparities between the LBB valuation and the third party valuation and thereby adjusting the Management Fee to reflect the agreed valuation.

Any of these situations subject LeBaronBrown and/or its affiliates to potential conflicts of interest. LeBaronBrown attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by LeBaronBrown's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, LeBaronBrown will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Neither of the Funds has in place an Advisory Board or Limited Partner Advisory Committee structure or other independent conflict resolution mechanism to address conflicts of interest that, on either a voluntary or mandatory basis, are presented to such independent bodies for resolution. Consequently, Investors are less likely in the context of the Funds to be consulted with respect to, or have knowledge of, transactions that present a conflict of interest than would be the case if such mechanisms were in place.

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

The Adviser and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

The Firm has adopted the LeBaronBrown Code of Ethics and Personal Securities Trading Policy and Procedures (the "**Code**"), which set forth standards of conduct that are expected of Firm Founders and Employees and address conflicts that arise from personal trading. The Code requires certain Firm personnel to report their personal securities transactions, prohibits or requires pre-clearance, which is good for the current business day, for Firm personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Firm personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Firm's Chief Compliance Officer (the "**CCO**"). In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Todd G. Smith, the Firm's Chief Financial Officer, at (312) 972-1180. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

LeBaronBrown and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, LeBaronBrown and its affiliated persons would be prohibited from improperly disclosing

or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of LeBaronBrown.

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

Founders and employees of LeBaronBrown and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of the Adviser, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under “*Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.*”

LeBaronBrown and its affiliates, Founders and Employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar.

In borrowing on behalf of a Fund, LeBaronBrown is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund’s preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the Investors would otherwise be entitled had the Firm called capital, and thus could result in LeBaronBrown receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of a portfolio company’s fair market value, an Investor may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above.

LeBaronBrown will effect such borrowings in a manner it believes to be fair and equitable to the relevant Fund, and consistent with LeBaronBrown’s obligations to the Fund under the Governing Documents.

Item 12. Brokerage Practices

LeBaronBrown focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, LeBaronBrown may also distribute securities to investors in a Fund or sell such securities, including through the use of a broker-dealer, if a public trading market exists. Although LeBaronBrown does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

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

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

Consistent with LeBaronBrown seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although LeBaronBrown generally does not make use of such services at the current time and has not made use of such services since its inception.

LeBaronBrown does not anticipate engaging in significant public securities transactions; however, to the extent that LeBaronBrown engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, LeBaronBrown may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, LeBaronBrown may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “bunched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Bunched transactions are executed in a manner intended to ensure that no participating Fund of LeBaronBrown is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the

extent such orders are not bunched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds, subject to odd lot and minimum position limit constraints, when applicable.

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

In LeBaronBrown's private company securities transactions on behalf of the Funds, LeBaronBrown may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, LeBaronBrown may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although LeBaronBrown generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

Item 13. Review Of Accounts

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, LeBaronBrown closely monitors companies in which the Funds invest, and the Firm's CCO periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund provides to its Investors (i) annual U.S. Generally Accepted Accounting Principles ("*U.S. GAAP*") audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Investor's tax return and (iii) quarterly reports providing a narrative summary of the status of each portfolio company investment.

Item 14. Client Referrals And Other Compensation

LeBaronBrown and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the LLC Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. *See, "Item 5. Fees and Compensation."*

From time to time, LeBaronBrown may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an Investor in a Fund. Any fees payable to any such placement agents will be borne by LeBaronBrown indirectly through an offset against the applicable Management Fee, although

related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

Item 15. Custody

LeBaronBrown maintains physical custody of Client assets, held in the name of each Fund, with the following qualified custodians: First Republic Bank.

LeBaronBrown is deemed to have custody of the Funds' assets, as defined in Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), as a result of its role as the managing member of the Funds.

To comply with the Custody Rule, LeBaronBrown relies on what is commonly referred to as the "audited funds exception." Annually, upon completion of the annual audit of a Fund conducted in accordance with U.S. Generally Accepted Auditing Standards, LeBaronBrown delivers the audited financial statements, prepared in accordance with U.S. GAAP by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, to Investors in the Fund within 120 days of its fiscal year end. Investors should carefully review these audited financial statements.

Item 16. Investment Discretion

LeBaronBrown has discretionary authority to manage investments on behalf of the Funds. As a general policy, the Firm does not allow clients to place limitations on this authority. Pursuant to the terms of the LLC Agreements, however, LeBaronBrown and/or its affiliates may enter into Side Letters with certain Investors whereby the terms applicable to such Investor'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 similar reasons. The Firm assumes this discretionary authority pursuant to the terms of the LLC Agreement and powers of attorney executed by the Investors of such Fund.

Item 17. Voting Client Securities

Although LeBaronBrown does not generally expect to hold public securities, LeBaronBrown has adopted the LeBaronBrown Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for the Funds' (current and future) portfolio investments. The Proxy Policy seeks to ensure that LeBaronBrown votes proxies (or similar instruments) in the best interest of the applicable Fund, including where there may be material conflicts of interest in voting proxies. LeBaronBrown generally believes its interests are aligned with those of each Fund's investors, for example, through the Founders' beneficial ownership interests in such 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 LeBaronBrown may address the conflict using several alternatives set forth in the Proxy Policy. LeBaronBrown does not consider service on portfolio company boards by LeBaronBrown personnel or LeBaronBrown's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy

voting guidelines followed by LeBaronBrown when voting proxies on behalf of a Fund. Clients or investors that would like a copy of LeBaronBrown's complete Proxy Policy or information regarding how LeBaronBrown voted proxies for particular portfolio companies may contact Matthew F. LeBaron, the Firm's CCO, at (212) 841-8500, and it will be provided at no charge.

Item 18. Financial Information

LeBaronBrown is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Funds, and has not been the subject of a bankruptcy proceeding.