

FORM ADV PART 2A INVESTMENT ADVISER BROCHURE

MOUNTAINGATE CAPITAL MANAGEMENT, L.P.

MOUNTAINGATE MANAGEMENT CO., LLC

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This Form ADV Part 2A Brochure (“Brochure”) provides information about the qualifications and business practices of Mountaingate Capital Management, L.P. and Mountaingate Management Co., LLC (collectively “Mountaingate Capital”). If you have any questions about the contents of this Brochure, please contact us at 303.390.5001. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Mountaingate Capital is a relying adviser to KRG Capital Management, L.P. (“KRG Capital”), which is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Mountaingate Capital and KRG Capital is also available on the SEC’s website at www.adviserinfo.sec.gov.

STATEMENT OF MATERIAL CHANGES

Mountaingate Capital filed its most recent Form ADV Part 2 on March 31, 2017. The current version contains the following changes from the prior version:

- Updated assets under management information in the **Advisory Business** section.
- Added Mountaingate Management Co., LLC as an additional relying adviser entity.

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ADVISORY BUSINESS

Mountaingate Capital Management, L.P. (“Mountaingate Capital Management”), a Delaware limited partnership and Mountaingate Management Co. LLC (“Mountaingate Management Co.”), a Delaware limited liability company (collectively “Mountaingate Capital” or the “Adviser”), is a private investment management firm that provides investment advisory services to private investment funds. Mountaingate Capital is a relying adviser to KRG Capital Management, L.P. (“KRG Capital”) in reliance on SEC guidance, and operates as a single advisory business together with KRG Capital. Additional information regarding KRG Capital is available on the SEC’s website at www.adviserinfo.sec.gov. Mountaingate Capital commenced operations in March 2015.

Mountaingate Capital, LLC, a Delaware limited liability company, acts as the general partner of Mountaingate Capital Management. Mountaingate Capital Management serves as the general partner (the “General Partner”) of Mountaingate Capital Fund I, L.P. (together with all parallel investment vehicles, “Fund I” or the “Fund”), all Delaware limited partnerships. In its capacity as the general partner of Fund I, Mountaingate Capital Management has the authority to manage the business and affairs of Fund I, including making all investment decisions, in each case pursuant to Fund I’s limited partnership agreement (the “Partnership Agreement”). Fund I is a private equity fund and invests through negotiated transactions in operating entities generally referred to as “portfolio companies.” Mountaingate Capital Management’s investment advisory services to Fund I consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Mountaingate Management Co. is an affiliate of Mountaingate Capital Management and may perform certain investment management and administrative functions. Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, the Managing Directors, or other personnel of the Adviser may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which Fund I has invested.

Mountaingate Capital’s advisory services are detailed in Fund I’s private placement memorandum and limited partnership agreements and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Fund I participate in the overall investment program, but may be excused from a particular investment due to legal, regulatory or other applicable constraints.

As of December 31, 2017, Mountaingate Capital managed approximately \$435 million in client assets on a discretionary basis. Mountaingate Capital is not controlled by any one investor owning more than 30% of the entity but is under common control with KRG Capital.

FEES AND COMPENSATION

In general, Mountaingate Capital receives a management fee and a carried interest in connection with advisory services. Mountaingate Capital receives additional compensation in connection with management and other services performed for portfolio companies of Fund I and such additional compensation will offset in whole or in part the management fees otherwise payable to Mountaingate Capital. Investors in Fund I also bear certain fund expenses.

Management Fees

Fund I will pay Mountaingate Capital Management, quarterly in advance, an annual management fee (the “Management Fee”) equal to a maximum of 2.0% of the capital commitments of any fund investor (subject to reduction over time and to potential reductions due to waivers and offsets under certain circumstances) commencing from the initial closing of Fund I (whether or not a fund investor was admitted at an initial or subsequent closing) and continuing until the expiration of Fund I’s partnership term. Mountaingate Capital Management has waived receipt of a portion of the Management Fee, and in lieu thereof received an interest in future profits earned by Fund I. Pursuant to the Partnership Agreement, such an interest in profits is derived from capital contributions deemed to be made by Mountaingate Capital Management, which are invested in Fund I by the limited partners of Fund I on Mountaingate Capital Management’s behalf, and which operate to reduce the amount of capital Mountaingate Capital Management would otherwise be required to contribute to Fund I. Mountaingate Capital Management will be required to return any distributions received in respect of such deemed capital contributions to the extent Fund I does not generate sufficient profits over its lifetime. In addition, one-hundred percent (100%) of all transaction fees, monitoring fees and break-up or similar fees paid to Mountaingate Capital Management or its affiliates (“Offset Fees”) by, or that relate to, the portion of any portfolio company or any prospective portfolio company owned by Fund I will offset the Management Fee otherwise payable. Portfolio company-related fees may also include amounts prepaid in anticipation of future services or otherwise accelerated, which will be offset against the Management Fee.

Carried Interest

Mountaingate Capital Management will receive a carried interest with respect to Fund I equal to 20% of all realized profits in excess of an 8% compound preferred return as more fully described in the Partnership Agreement. The carried interest distributed to Mountaingate Capital Management is subject to a potential giveback at the end of Fund I’s partnership term if Mountaingate Capital Management has received excess cumulative distributions and at certain interim intervals as provided by the Partnership Agreement.

Expenses

Fund I bears certain expenses relating to the operations, activities and investments of Fund I to the extent not paid by portfolio companies or applied to reduce Offset Fees, all as more fully described in the Partnership Agreement. Such expenses include (i) legal, filing, accounting, auditing, consulting, financing, broker, finder’s, financing commitment fees, real estate title, appraisal costs, printing, custodian, depository, agent bank, transfer, registration and other similar fees and expenses, (ii) expenses incurred in connection with third-party valuations; (iii) expenses associated with Fund I’s financial statements and other reports, tax returns, tax estimates and Schedule K-1s (including software, hardware and intangible costs incurred in the preparation of such materials and the costs of third-party administrators); provided that for the avoidance of doubt, such expenses shall not include any costs associated with Mountaingate Capital’s (or any of its affiliates’) compliance with the Investment Advisers Act with respect to providing investment management services or advice generally and not specifically to Fund I; (iv) expenses of advisory board and annual meetings of Fund I’s investors; (v) air travel, hotel and other

transportation and lodging expenses; (vi) insurance (including directors and officers, errors and omissions liability and other insurance); and (vii) other expenses associated with the evaluation, investigation, analysis, negotiation, acquisition, structuring, organization, management, operation, holding, valuation, winding up, liquidation, dissolution and disposition of its investments (whether consummated or unconsummated, including broken deal expenses relating to transactions that have been offered to co-investors), including follow-on investments and refinancings (including interest on borrowed money by or on behalf of Fund I and costs and expenses of any consultants (including consulting and retainer fees paid to third-party consultants), lenders, investment banks and other financing sources, including interest on money borrowed by Fund I or the General Partner on behalf of Fund I); (viii) extraordinary expenses under GAAP (such as litigation, judgments, fines, damages, settlement payments and indemnification, if any); (ix) the Management Fee; (x) any taxes, fees or other governmental charges levied against Fund I; (xi) private placement fees; (xii) all costs and expenses of the foregoing description that are incurred in connection with the organization, management, operation, and dissolution, liquidation and final winding up of any alternative investment vehicles; (xiii) costs in connection with limited partner transfers; and (xiv) the costs of dissolving or winding up Fund I. As is typical for private equity funds, Fund I will bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

Certain expenses of Fund I and expenses of the private investment funds sponsored by KRG Capital (the “KRG Funds”), including insurance premiums for directors’ and officers’ liability insurance and annual meeting expenses of limited partners, are allocated among Fund I and the KRG Funds as agreed by and between the operating boards of KRG Capital and Mountaingate Capital. Such allocations consider a variety of factors including, for example, invested and committed capital of the funds in the case of liability insurance.

Other Information

Mountaingate Capital and/or its affiliates may exempt certain investors in Fund I from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Mountaingate Capital and/or its affiliates, or through other private investment vehicles that co-invest with Fund I.

Fund I generally invests on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of Fund I, and investors generally are not permitted to withdraw or redeem interests in Fund I.

Principals or other employees of Mountaingate Capital may receive a portion of the Management Fee, carried interest or other compensation received by Mountaingate Capital or its affiliates.

Mountaingate Capital may permit certain investors to co-invest in portfolio companies alongside Fund I or any future private investment vehicle advised by Mountaingate Capital (together with Fund I, the “Private Investment Funds”). If a co-invest vehicle is formed, such

entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by Fund I. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction will be borne by Fund I, and not by any prospective co-investors that were to have participated in such transaction. 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.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” Mountaingate Capital receives a carried interest allocation on certain realized profits in Fund I, although it may waive carried interest with respect to certain investors as described under “Fees and Compensation.”

TYPES OF CLIENTS

Mountaingate Capital provides investment advice to Fund I, a partnership formed under domestic laws and operated as an exempt investment pool under the Investment Company Act of 1940, as amended. The investors in Fund I may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Mountaingate Capital and its affiliates. From time to time, investors in Fund I, affiliates of the Adviser, and/or other persons may co-invest side-by-side with Fund I in portfolio companies. Under certain circumstances, the Adviser may have discretion with respect to co-investment acquisitions or dispositions. Co-investors do not pay a fee for services or a carried interest to Mountaingate Capital.

Fund I has a minimum investment amount of \$5 million for third-party investors, and interests are offered and sold solely to qualified purchasers, accredited investors who are also qualified clients or qualified knowledgeable Mountaingate Capital personnel. Such minimum investment amount may be waived by Mountaingate Capital in its capacity as general partner of Fund I.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Mountaingate Capital is a private equity investment firm specializing in acquiring controlling interests in middle-market companies and growing them into significantly larger enterprises through the combination of internal growth and selective strategic add-on acquisitions. *There can be no assurance that Mountaingate Capital will achieve the investment objectives of Fund I or any other Private Investment Fund and a loss of investment is possible.*

Investment and Operating Strategy

Mountaingate Capital's investment strategies are focused primarily on buy-and-build investment opportunities. It is expected that Fund I will focus on investments in middle-market companies primarily within the specialty distribution, marketing services, specialty manufacturing and business services industries.

Mountaingate Capital seeks to identify attractive platform companies in these sectors for investment by Fund I. After an initial investment in a platform company, the Adviser generally will seek to participate with management of the company to formulate a growth and acquisition strategy. The Adviser will often seek management rights in connection with its investments, including board or observer rights.

Investment opportunities for Fund I are captured in a continuously updated database, and discussed each week in regularly scheduled meetings of all Mountaingate Capital investment professionals. Weekly meetings create a forum for preliminary evaluation of every potential platform company investment opportunity, encouraging early strategic discussion about investment risks and merits inherent in each opportunity and facilitating the prioritization of opportunities to ensure that resources are directed to the highest potential opportunities. All potential investments that are judged to meet the Adviser's stated investment objectives for Fund I are then subject to a due diligence review. In connection with an investment opportunity, the Adviser assembles a due diligence team, which includes two Managing Directors and a group of external specialists in areas such as environmental, insurance, accounting, legal and employee benefits. Investments are subject to final approval by the Investment Committee based on an internally prepared memorandum that details, among other factors:

- projected return on the investment,
- industry attractiveness review,
- competitive review of industry,
- valuation of company,
- management team depth and experience assessment, and
- type of security offered.

The Adviser may also receive information regarding investment opportunities from financial services companies or intermediaries, including companies and individuals affiliated with the Adviser.

Risks of Investment

Fund I's investors bear the risk of loss that Mountaingate Capital's investment strategy entails. The following risk factors are generally applicable to Mountaingate Capital's investment strategy. However, additional risk factors, including risk factors that are specific to a particular Private Investment Fund's, including Fund I's, investment strategy are described in each Private Investment Fund's private placement memorandum, subscription agreement, or risk disclosure statement.

Business Risks

Because Fund I's investments primarily consist of securities issued by privately-held, unseasoned companies, operating results will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Leveraged Investments

Fund I's portfolio companies may be highly leveraged. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. Leverage often 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 Fund I's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been at or near historic lows) and could accelerate and magnify declines in the value of the 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, Fund I may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of Fund I. Furthermore, the companies in which Fund I invests generally will not be rated by a credit rating agency. Fund I may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by Fund I 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.

Investment Performance

The performance of Mountaingate Capital's prior investments is not necessarily indicative of Fund I's future results. While Mountaingate Capital expects that Fund I will make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. With respect to Fund I's unrealized investments, no assurance can be given as to the actual values that may ultimately be realized in any transaction, if and when effected.

Investment in Junior Securities

The securities in which Fund I 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 an investment.

Non-Controlling Investments

In some circumstances, including through the process of exiting investments, Fund I may hold meaningful minority stakes in privately-held companies and in some cases may have limited minority protection rights. As is the case with minority holdings in general, such minority stakes that Fund I may hold will have neither the control characteristics of majority stakes nor the valuation premiums afforded majority or controlling stakes. Where Fund I holds a minority stake, it may be more difficult for Fund I to liquidate its interests than it would be had Fund I owned a controlling interest in such company. Even if Fund I has contractual rights to seek liquidity of Fund I'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 Fund I, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Public Company Holdings

In some circumstances, including through the process of exiting investments, Fund I's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject Fund I 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 Fund I 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 members, including the Managing Directors, and increased costs associated with each of the aforementioned risks.

Concentration of Investments; Impact of Excuse or Exclusion

Fund I will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, Fund I's investment portfolio could become highly concentrated and its aggregate return may be affected substantially by the performance of a few holdings. A limited partner's participation in Fund I's investments may be limited by virtue of the General Partner's right to exclude a limited partner from, or a limited partner's right to be excused from, participating in certain of Fund I's investments as set forth in the Partnership Agreement, thereby increasing the participation of other limited partners. As a consequence of one or more limited partners being excused or other factors limiting investments, the aggregate returns realized by the participating limited partners could be adversely affected in a material manner by the unfavorable performance of even one investment by Fund I.

Dynamic Investment Strategy

While Mountaingate Capital generally intends to seek attractive returns for Fund I through the investment strategy and methods described herein, Mountaingate Capital may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Partnership Agreement. Mountaingate Capital may pursue investments outside of the industries and sectors in which it has previously made investments or has internal operational experience.

Lack of Sufficient Investment Opportunities

Limited partners will be relying on the ability of Mountaingate Capital to locate and evaluate the investments to be made using the proceeds of this offering. Limited partners will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the particular investments to be made by Fund I. In addition, the business of identifying, structuring and completing private equity transactions is highly competitive, involves a high degree of uncertainty, and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that Mountaingate Capital will be able to locate, and Fund I will be able to complete, portfolio investments that satisfy Fund I's rate of return objectives or, if completed, realize such investments for fair or attractive values. It is possible that Fund I will never be fully invested if enough sufficiently attractive investments are not identified. Even if the investments of Fund I are successful, they may not produce a realized return to the limited partners for a number of years. However, limited partners will be required to bear Management Fees through Fund I during the investment period based on the entire amount

of the limited partners' capital commitments and other expenses as set forth in the Partnership Agreement.

Co-Investments

The General Partner may, in its sole discretion, provide or commit to provide co investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion. Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the Fund or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, the General Partner may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates. The Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the investment objectives of the Fund.

Illiquidity; Lack of Current Distributions

An investment in Fund I should be viewed as illiquid. It is uncertain when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are 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, Mountaingate Capital generally does not expect the sale of an investment to occur until a number of years after that investment is made. Typically, there will be no return on any investment prior to a sale of that investment. Furthermore, the expenses of operating Fund I (including the Management Fee) may exceed Fund I's income, in which case expenses will be paid from capital to the extent of any excess.

Limited Transferability of Partnership Interests

There will be no public market for Fund I interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund I interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund I interests are not permitted. There is currently no efficient market for limited partner interests in Fund I and it is not expected that one will develop.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, Fund I may decide to provide additional funds to such portfolio company or its subsidiaries or may have the opportunity to increase or support its investment in a successful portfolio company (and in many cases will seek to make add-on investments that are intended to be complementary to Fund I's original acquisition as part of the Fund's buy-and-build strategy), 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 the Fund not to make add-on or 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 in lieu of the Fund.

Restricted Nature of Investment Positions

There will be no readily available market for a substantial number of Fund I's investments, and hence most of Fund I's investments will be difficult to value. Certain investments may be distributed in kind to the investors of Fund I 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 the 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 Partnership Agreement, including the value used to determine the amount of carried interest available to Mountaingate Capital with respect to such investment.

Hedging Arrangements

Mountaingate Capital may (but is not obligated to) endeavor to manage Fund I's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. Fund I 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 Fund I 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 Fund I to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for Mountaingate Capital 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.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies

Before making investments, Mountaingate Capital or one of its designated affiliates will typically conduct such due diligence as they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and Mountaingate Capital and/or one of its designated affiliates may rely on the advice received from such third parties. The due diligence investigation

carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return of invested capital.

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 Fund I and its 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 Fund I and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon Fund I's portfolio companies.

Market Conditions

The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for Fund I and may affect Fund I's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in Fund I's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. Fund I'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 Fund I's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of Fund I to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of Fund I to pay break-up, termination or other fees and expenses in the event Fund I 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 Fund I to dispose of investments at prices that Mountaingate Capital believes reflect the fair value of such investments. The impact of market and other economic events may also affect Fund I's ability to raise funding to support its investment objective.

Monetary Policy and Governmental Intervention

In response to the global financial crisis in 2008, the Board of Governors of the Federal Reserve System (the "Federal Reserve") and global central banks, including the European Central

Bank, in addition to other governmental actions to stabilize markets and seek to encourage economic growth, acted to hold interest rates to historic lows. These and other actions by the Federal Reserve and other central bankers, including changes in policies, may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of Fund I's investments on an absolute and/or relative basis. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the global financial crisis have not been fully implemented in all cases and therefore the ultimate effects thereof are difficult to predict or measure with certainty. More recently, in response to interagency guidance on leveraged lending by the Federal Reserve, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation intended to curtail certain leveraged lending to market participants such as private equity firms. In connection with their investment activities, private equity funds may need to finance portfolio investments with a greater proportion of equity relative to prior periods and the terms of debt financing may be less flexible for borrowers compared to prior periods. These developments may impair Fund I's ability to consummate transactions and/or cause Fund I to enter into transactions on less favorable terms.

Reliance on Mountaingate Capital and Portfolio Company Management

Control over the operations of Fund I will be vested entirely in Mountaingate Capital, and Fund I's future profitability will depend largely on the business and investment acumen of the Managing Directors of Mountaingate Capital. Further, there can be no assurance that Fund I's investments will achieve results similar to those attained by the Managing Directors on behalf of KRG Capital. In addition, Fund I's investments may differ from previous investments made by the KRG Funds in a number of respects. The loss or reduction of service of one or more of the Managing Directors could have a material adverse effect on Fund I's ability to realize its investment objectives. In addition, the Managing Directors currently, and may in the future, manage other investment funds besides Fund I (including remaining responsibilities with respect to the KRG Funds) and the Managing Directors 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 Managing Directors. Investors in Fund I generally have no right or power to take part in the management of the Fund, and as a result the investment performance of Fund I will depend entirely on the actions of Mountaingate Capital. Although Mountaingate Capital will monitor the performance of each of Fund I's investments, the primary responsibility for the day-to-day management and operations of each portfolio company will rest with each portfolio company's management team. Although Mountaingate Capital intends to invest in companies with strong management, there can be no assurance that the management of Fund I's portfolio companies will operate these companies successfully.

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, the fund (and any other 80%-owned portfolio companies of the 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 Fund I intends to manage its investments to minimize any such exposure, Fund I may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If Fund I (or other 80%-owned portfolio companies of Fund I) were deemed to be liable for such pension liabilities, this

could have a material adverse effect on the operations of Fund I and the companies in which Fund I invests.

Director Liability

Fund I will typically receive the right to appoint representatives to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the fund's representatives, and ultimately Fund I, to potential liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from Fund I's investment activities. Although portfolio companies generally have insurance to protect directors and officers from such liability, such insurance may not be obtained by all portfolio companies and may be insufficient if obtained.

Projections

Projected operating results of a company in which Fund I invests will typically be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the General Partner in its discretion. In all cases, projections are only estimates 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.

Foreign Investments

Subject to certain limitations, Fund I may invest in companies that are based and operate outside of the United States. Investments in foreign securities involve certain risks not typically associated with investing in United States securities, including risks relating to (a) currency exchange matters, including fluctuations in the rate of exchange between the United States dollar and the various foreign currencies in which the fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another, (b) differences between the United States and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (c) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation and (d) the possible imposition of foreign taxes on income and gains recognized with respect to such securities.

Availability of Debt Financing

The debt markets have experienced significant volatility, resulting at times in less available total leverage and more restrictive and expensive financing terms and conditions. While credit availability loosens and tightens during various times in a business cycle, Mountaingate Capital expects this volatility could continue into the future, and cannot predict how it will impact the performance of investments in Fund I.

Possibility of Fraud or Other Misconduct of Employees and Service Providers

Misconduct by employees of Mountaingate Capital, portfolio company officers or employees, service providers to the foregoing and/or their respective affiliates could cause significant losses to Fund I. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by Fund I, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting Fund I's business prospects or future marketing activities, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to Fund I. Mountaingate Capital has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that Mountaingate Capital will be able to identify or prevent such misconduct.

Limitation of Recourse and Indemnification

The Partnership Agreement will limit the circumstances under which Mountaingate Capital and its affiliates will be held liable to Fund I. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that Fund I will indemnify Mountaingate Capital and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of Fund I. Such indemnification obligations could materially impact the returns to limited partners.

Significant Default Penalties

The Fund I Partnership Agreement contains significant penalties in the event a limited partner defaults on its capital commitment or other payment obligations. For example, the defaulting limited partner may be required, among other things, to forfeit a substantial portion of its capital account and rights to future profits (but not losses) that otherwise would have been allocable to the limited partner and/or Mountaingate Capital may designate a person or entity to assume the entire unpaid balance of the defaulting limited partner's capital commitment and to succeed to all of the rights of the defaulting limited partner's interest. In addition, Mountaingate Capital may take other actions provided in Fund I's Partnership Agreement and pursue any available legal or equitable remedies, with the expenses of collection of the unpaid amount, including attorneys' fees, to be paid by the defaulting limited partner.

Risks Associated with Future Acquisitions

As part of Fund I's buy and build strategy, the Fund's platform companies will seek add-on acquisitions that enable them to expand their existing product lines or services, broaden their geographic coverage and/or allow them to offer complementary products or services. There can be no assurance that the companies in Fund I's portfolio will be able to acquire businesses on satisfactory terms or that any business acquired by a platform company will be integrated successfully into that company's operations or be able to operate profitably. Future acquisitions could require additional financing, which could result in an increase in a platform company's indebtedness.

Contingent Liabilities on Disposition of Investments

In connection with the disposition of an investment in a portfolio company, Fund I and Mountaingate Capital may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, for example, 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, or may be responsible as a selling stockholder for certain contents of disclosure documents under applicable securities laws. Fund I and Mountaingate Capital may also be required to indemnify the purchasers of such investments or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. Limited partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Partnership Agreement.

Litigation

In the ordinary course of its business, Fund I may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of Fund I and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of Mountaingate Capital's (and the Managing Directors') 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.

Disclosure of Information

The limited partners are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding Fund I, its investments and its investors. There has been a recent increase in the number of requests under such laws for contracts (including the partnership agreement, subscription agreement and any side letter) that investors in private equity funds that are subject to such laws have in place with such private equity funds. Fund I may incur expenses in connection with responding to any such disclosure requests, even if Fund I ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the limited partners will have pursuant to the Partnership Agreement to maintain the confidentiality of Fund I information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. In addition, there can be no assurance that such information will not be disclosed by Fund I, Mountaingate Capital, their affiliates and personnel, portfolio companies or services providers to any of them including, without limitation, to comply with laws, regulations

or policies to which they are or may become subject. In addition, under The Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has authority to require private equity fund advisers, such as Mountaingate Capital, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of Fund I information could have an adverse effect on Fund I and its investors.

Valuation of Assets

There is not expected to be an actively traded market for most of the securities owned by Fund I. When estimating fair value, Mountaingate Capital 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 Mountaingate Capital 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.

Impact of Government Regulation, Reimbursement and Reform

Certain industry segments in which Fund I intends to invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While Fund I intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a materially adverse effect on the operations and/or financial performance of the companies in which Fund I invests. Certain industry segments in which Fund I intends to invest have and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industry are introduced from time to time, which, if adopted, could have a significant impact on such industry in general and/or on companies in which Fund I may invest.

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 Fund I's activities, including the ability of Fund I 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 downturn in the U.S. and global financial markets, may complicate or prevent Fund I'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, Fund I may invest in fewer

transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, the U.S. Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as Fund I (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 partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation could adversely affect the ability of the Managing Directors, investment professionals or other employees and individuals associated with Fund I or the General Partner who were or may in the future be granted direct or indirect interests in the General Partner, to benefit from carried interest taxed at lower rates. Such legislation may reduce such persons' after-tax returns from Fund I and the General Partner, which could make it more difficult for the Adviser and its affiliates to incentivize, attract and retain individuals to perform services for Fund I. These same issues may also apply to officers, directors and employees of Fund I's portfolio companies if such persons receive a profits interest in such companies.

Alternative Investment Fund Managers Directive

The 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"). If Fund I or one or more of its parallel funds is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) Fund I or one or more of its parallel funds may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in Fund I or one or more of its parallel funds incurring additional costs and expenses; (ii) Fund I or one or more of its parallel funds and/or Mountaingate Capital may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in Fund I or one or more of its parallel funds incurring additional costs and expenses or otherwise affect the management and operation of Fund I or one or more of its parallel funds; (iii) Mountaingate Capital or an affiliate thereof may be required to make detailed information relating to Fund I or one or more of its parallel funds and their respective investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of Fund I or one or more of its parallel funds in relation to EEA portfolio companies including, in some circumstances, Fund I's or one or more of its parallel funds 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 Fund I or one or more of its parallel funds to raise the targeted amount of capital commitments.

Anti-Corruption Law Considerations

Mountaingate Capital and Fund I are committed to complying with the aspects of the U.S. Foreign Corrupt Practices Act ("FCPA"), the Bribery Act ("UKBA") and other anti-corruption and anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, Fund I may be adversely affected or miss out on opportunities because of its or Mountaingate Capital's unwillingness to participate in transactions that potentially violate such laws and regulations. Such laws and regulations may make it difficult in certain circumstances for Fund I to act successfully on investment opportunities and for portfolio companies to obtain or

retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In particular, U.S. regulators recently have been focused on private equity firms and their compliance with the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. The UK government passed into law the UKBA in 2010. The UKBA criminalizes both the bribery of foreign public officials and commercial bribery. The UKBA also makes provision for a strict liability corporate offense of failing to prevent bribery committed by employees or third parties associated with a company. The corporate offense applies to any organization which carries on business or part of a business in the UK. The corporate offense is subject to an affirmative defense which is engaged if a company can show that it had in place adequate procedures to prevent bribery committed on its behalf.

While Mountaingate Capital has developed and implemented policies and procedures designed to ensure strict compliance by it and its personnel with the FCPA and the UKBA, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of Mountaingate Capital's policies and procedures, affiliates of portfolio companies, particularly in cases where Fund I or another Mountaingate Capital sponsored fund or vehicle does not control such portfolio company, may engage in activities that could result in FCPA and/or UKBA violations. Any determination that Mountaingate Capital has violated the FCPA, the UKBA or other applicable anti-corruption laws or anti-bribery laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect Mountaingate Capital's business prospects and/or financial position, as well as Fund I's ability to achieve its investment objective and/or conduct its operations.

Pay-to-Play Laws, Regulations and Policies

A number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives or employees makes a contribution to certain elected officials or candidates. If Mountaingate Capital, any of its employees or affiliates or any service provider acting on their behalf, fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on Fund I. Limited partners may also seek to pursue individual remedies, including withdrawal rights, which may be included in side letters or otherwise imposed by statute.

Imposition of Tax Regardless of Cash Distributions

Partners will be required to recognize for income tax purposes their pro rata share of the taxable net income of Fund I whether or not the partners receive distributions from the Fund to cover such tax liabilities. Mountaingate Capital may distribute amounts sufficient to cover the partners' income tax obligations related to the Fund to the extent of available cash, but there is no assurance that Mountaingate Capital will be able to do so. The Fund may generate taxable income for a partner even though the value of the partner's interest in the Fund has declined.

Cybersecurity Risks

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information, (ii) customer or portfolio company financial information, (iii) portfolio company software, contact lists or other databases, (iv) portfolio company proprietary information or trade secrets or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or Fund I, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Mountaingate Capital or one of its service providers holding its financial or investor data, Mountaingate Capital, its affiliates or the Funds may also be at risk of loss.

Conflicts of Interest

Conflicts of Interest Generally

Mountaingate Capital and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of Fund I, and providing transaction-related, investment advisory, legal, management and other services to Fund I and its portfolio companies. In the ordinary course of Mountaingate Capital conducting its activities, the interests of Fund I may conflict with the interests of Mountaingate Capital, one or more other Private Investment Funds, or KRG Capital, including the KRG Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

During the commitment period of Fund I, all appropriate investment opportunities will be pursued by Mountaingate Capital principals through Fund I, subject to certain limited exceptions, including the possibility that investment opportunities may be pursued by certain Mountaingate Capital principals through the KRG Funds or Private Investment Funds. Without limitation, Mountaingate Capital principals currently manage several similar investments in the investment funds managed by KRG Capital, and may direct certain relevant investment opportunities to a particular fund. Mountaingate Capital's principals and Mountaingate Capital's investment staff will continue to manage and monitor such investments in the KRG Funds until their realization. Such other investments that KRG Capital principals may control or manage in those investment funds may potentially compete with companies acquired by Fund I. Following the expiration of the commitment period of Fund I, Mountaingate Capital principals may and likely will focus their investment activities on other opportunities and areas unrelated to Fund I's investments.

From time to time, Mountaingate Capital will be presented with investment opportunities that would be suitable not only for Fund I, but also for other Private Investment Funds or other investment vehicles operated by advisory affiliates of Mountaingate Capital, including the KRG Funds. In determining which investment vehicles should participate in such investment opportunities, Mountaingate Capital and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Mountaingate Capital attempts to resolve such conflicts of interest in light of its obligations to investors in Fund I and the obligations owed by Mountaingate Capital's advisory affiliates to investors in the Mountaingate Capital Funds and other investment

vehicles managed by them, and attempts to allocate investment opportunities among Fund I, other Private Investment Funds and such investment vehicles in a fair and equitable manner. Where necessary, Mountaingate Capital consults and receives consent to conflicts from an advisory committee consisting of limited partners of the respective KRG Funds and the Private Investment Funds.

As a result of Fund I's controlling interests in portfolio companies, Mountaingate Capital and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Mountaingate Capital and/or its affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by Fund I to Mountaingate Capital, but are also generally subject to offsetting Management Fees otherwise payable by Fund I to Mountaingate Capital as discussed in Fees and Compensation above.

Additionally, a portfolio company typically will reimburse Mountaingate Capital or service providers retained at Mountaingate Capital's discretion for expenses (including without limitation travel expenses) incurred by Mountaingate Capital or such service providers in connection with its performance of services for such portfolio company. This subjects Mountaingate Capital and its affiliates to conflicts of interest because Fund I generally does not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. Mountaingate Capital determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in Fund I, their effect will be reflected in Fund I's audited financial statements, and any fee paid or expense reimbursed to Mountaingate Capital or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Mountaingate Capital generally exercises its discretion to recommend to Fund I or to a portfolio company thereof that it contract for services with (i) Mountaingate Capital or a related person of Mountaingate Capital (which may include a portfolio company of Fund I) or (ii) an entity with which Mountaingate Capital or its affiliates or current or former members of their personnel has a relationship or from which Mountaingate Capital or its affiliates or their personnel otherwise derives financial or other benefit. This subjects Mountaingate Capital to conflicts of interest, because although Mountaingate Capital selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of Fund I, Mountaingate Capital may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Mountaingate Capital, because of such belief or for other reasons, 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 Mountaingate Capital 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 lesser cost. In addition, Mountaingate Capital may recommend and retain service providers for Fund I but not other Private Investment Funds.

Mountaingate Capital and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by Fund I, other Private Investment Funds or other private investment vehicles managed by Mountaingate Capital's affiliates; conversely, former personnel or executives of Mountaingate Capital and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Mountaingate Capital. Similarly, Mountaingate Capital, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. 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, Fund I or the Private Investment Funds, Mountaingate Capital and/or its affiliates or other investment vehicles they advise. Mountaingate Capital may have a conflict of interest with Fund I in recommending the retention or continuation of a third-party service provider to the 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 Fund I or one or more Private Investment Funds, will provide Mountaingate Capital information about markets and industries in which Mountaingate Capital operates (or is contemplating operations) or will provide other services that are beneficial to Mountaingate Capital. Mountaingate Capital may have a conflict of interest in making such recommendations, in that Mountaingate Capital has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for Fund I, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Fund.

Mountaingate Capital, its affiliates, and equity holders, officers, principals and employees of Mountaingate Capital and its affiliates may buy or sell securities or other instruments that Mountaingate Capital has recommended to Fund I or other Private Investment Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by Fund I or other Private Investment Fund. Such transactions are subject to the policies and procedures set forth in Mountaingate Capital's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of any Fund.

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

Because Mountaingate Capital's carried interest is based on a percentage of net realized profits, it may create an incentive for Mountaingate Capital to cause a Private Investment Fund to make riskier or more speculative investments or hold an investment longer than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Private Investment Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Private Investment Fund, based upon capital invested by such Private Investment Fund, this fee structure may create an incentive to deploy capital when Mountaingate Capital may not otherwise have done so.

Any of these situations subjects Mountaingate Capital and/or its affiliates to potential conflicts of interest. Mountaingate Capital attempts to resolve such conflicts of interest in light of

its obligations to investors in Fund I and the obligations owed by Mountaingate Capital's advisory affiliates to investors in investment vehicles managed by them, including the KRG Funds, and attempts to allocate investment opportunities among Fund I, KRG Funds and such other investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Mountaingate Capital will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Mountaingate Capital consults and receives consent to conflicts from an advisory committee consisting of limited partners of Fund I and such other investment vehicles.

Certain Consultants

Mountaingate Capital, the Private Investment Funds and the portfolio companies may from time to time retain other companies and individuals ("Special Consultants"), including relying on a team of third-party resources that may provide services to Mountaingate Capital. The Special Consultants may be engaged to provide services to, or in connection with, the Private Investment Funds in relation to its activities or one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies and add-on investments, as well as operational aspects of such companies ("Services").

Fees and expenses associated with the Services provided by Special Consultants (collectively "Consulting Fees and Expenses"), may be paid and/or reimbursed by applicable portfolio companies and/or the Private Investment Fund. Consulting Fees and Expenses may, at the discretion of Mountaingate Capital taking into account the particular Services, include a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultant, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Consulting Fees and Expenses paid to Special Consultants will not offset the Management Fee.

Allocation of Costs and Expenses

The Partnership Agreement provides that the Fund will be responsible for all costs and expenses in connection with its operation, other than the costs and expenses that will be the responsibility of the Adviser. To the extent possible, third-party expenses incurred in connection with consummated transactions may be borne by the respective portfolio companies. A conflict of interest could arise in Mountaingate Capital's determination as to whether certain costs or expenses that are incurred in connection with the operation of the Fund meet the definition of Fund operational expenses for which the Fund is responsible, or whether such expenses should be borne by the Adviser. The Fund will be reliant on the determinations of the Adviser in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the Fund and other affiliated entities of Mountaingate Capital.

Third-Party Involvement

Fund I may co-invest in portfolio companies with other institutional investors including, on occasion, private equity funds of other sponsors or limited partners. Such investments may involve risks not present in investments in which such co-investors are not involved, including the possibility that a co-investor of the Fund may at any time have economic or business interests or

goals which are inconsistent with those of the Fund or may be in a position to take action contrary to the investment objectives of the Fund or may not have capital available for follow-on investments. In addition, a limited partner that participates in co-investments may be in a position to obtain additional information regarding the investee portfolio company that may not generally be available to the limited partners in the Fund.

Conflicts among Limited Partners

Limited partners 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 Mountaingate Capital regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Mountaingate Capital generally will consider the investment and tax objectives of the Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually. To the extent members of the Fund's advisory committee or limited partners or limited partners of a parallel fund vote on any matter regarding conflicts or otherwise participate in matters involving a vote or action thereby, any such limited partners or limited partners of a parallel fund, as applicable, may have interests in other funds or other Mountaingate Capital investment vehicles and, as a result, may not vote (and will be exculpated and indemnified from liability for not voting) solely in accordance with their interests related to the Fund.

Material Non-Public Information

As a result of the operations of KRG Capital and Mountaingate Capital and their affiliates, Mountaingate Capital comes into possession of confidential or material non-public information. Therefore, Mountaingate Capital and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by Fund I. Consequently, Fund I 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 internal policies. Due to these restrictions, Fund I may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

DISCIPLINARY INFORMATION

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

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mountaingate Capital is affiliated with other KRG Capital investment advisers registered with the SEC under the Advisers Act pursuant to KRG Capital's registration in accordance with SEC guidance. KRG Capital and Mountaingate Capital operate as a single advisory business and serve as managers or general partners of funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. The business practices of KRG Capital are described in a separate brochure.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Mountaingate Capital has adopted KRG Capital's Code of Ethics and Securities Trading Policy and Procedures (the "Code"), which sets forth standards of conduct that are expected of each adviser's principals and employees and addresses conflicts that arise from personal trading. The Code requires certain personnel of each adviser to report their personal securities transactions, and prohibits such personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or in a limited offering without first obtaining approval from the Chief Compliance Officer. A copy of the Code will be provided to any investor or prospective investor upon request to the Chief Compliance Officer, at (303) 390-5001. 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.

Mountaingate Capital and each of its affiliated persons (the "Firm Persons") may come into possession, from time to time, of material nonpublic 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, the Firm 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 either adviser.

Accordingly, should Firm Persons come into possession of material nonpublic or other confidential information with respect to any public company, such persons would be prohibited from communicating such information to clients and neither KRG Capital nor Mountaingate Capital will have any 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 the Firm Persons serving as directors of public companies and may restrict trading on behalf of clients, including Fund I.

Pursuant to the Partnership Agreement, the Adviser generally must obtain the prior approval of an advisory committee consisting of representatives of certain investors in Fund I for any purchase, sale or transfer of securities between Fund I, on the one hand, and the Adviser or a related person, on the other hand, subject to certain exceptions.

From time to time, and in Mountaingate Capital's sole discretion, affiliates of the Adviser and/or other persons may co-invest side-by-side with Fund I in portfolio companies to the extent not prohibited by the Partnership Agreement. Co-investment opportunities for investors generally arise when Mountaingate Capital has determined that (i) Fund I's allocation to a portfolio company has been fully met under the fund's investment guidelines, (ii) the Adviser has determined that the amount available for investment in a portfolio company exceeds a prudent allocation to Fund I and/or (iii) the Adviser determines that an allocation to an investor or third party would provide a strategic benefit with respect to a portfolio company and, accordingly, to Fund I's ownership interest in the portfolio company. In determining which investors will be eligible for co-invest opportunities, the Adviser may consider a variety of factors, including (i) the ability of the investor to provide strategic benefits to a portfolio company (such as specific industry or operational knowledge and/or expertise and access to additional financing), which are expected to benefit Fund

I's ownership interest in a portfolio company, (ii) the investor's ability to evaluate and consummate a transaction on the timeline of Fund I and (iii) the size of an investor's commitment to Fund I.

Mountaingate Capital and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the KRG Funds or the Private Investment Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, Fund I, even though their investment objectives may be the same or similar.

From time to time, Mountaingate Capital may borrow funds on behalf of Fund I and contribute such borrowed amounts to Fund I as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by Fund I as an expense of the partnership, consistent with the Partnership Agreement and the expense policy described under "Fees and Compensation." In borrowing on behalf of Fund I, Mountaingate Capital is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of Fund I. Mountaingate Capital will transact such borrowings in a manner it believes to be fair and equitable to Fund I, and consistent with Mountaingate Capital's obligations to the fund and compliance with the Partnership Agreement (or other governing document).

BROKERAGE PRACTICES

Mountaingate Capital 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, Mountaingate Capital may also distribute securities to investors in Fund I or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Mountaingate Capital does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Mountaingate Capital sells publicly traded securities for Fund I, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Mountaingate Capital. In such event, Mountaingate Capital will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Mountaingate Capital may consider a variety of factors, including: (i) the commission charged (taking into consideration the size of the order and the price of the security), (ii) the broker-dealer's execution capabilities with respect to the security and (iii) the broker-dealer's general reputation and ability to execute an order in appropriate time frame (i.e., the overall responsiveness of the broker-dealer).

Mountaingate Capital 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 Mountaingate Capital 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 Mountaingate Capital seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Mountaingate Capital generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the private investment funds advised by Mountaingate Capital and KRG Capital. However, each and every research service may not be used for the benefit of each and every private investment fund managed by Mountaingate Capital and KRG Capital, and brokerage commissions paid by one private investment fund may apply towards payment for research services that might not be used in the service of such private investment fund. Research services may be shared between Mountaingate Capital, KRG Capital and each of their respective affiliates.

Mountaingate Capital will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, Mountaingate Capital may, in its discretion, cause Fund I to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where Mountaingate Capital has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, Mountaingate Capital would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

Mountaingate Capital will periodically determine which brokers have provided research that has been helpful in the management Fund I. To the extent consistent with Mountaingate Capital's goal to obtain best execution for their clients, Mountaingate Capital may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

Mountaingate Capital does not anticipate engaging in significant public securities transactions; however, to the extent that Mountaingate Capital 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. From time to time, Mountaingate Capital 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 "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

In Mountaingate Capital's private company securities transactions on behalf of Fund I, Mountaingate Capital may retain one or more broker-dealers or investment banks, the costs of which will be borne by Fund I and/or its portfolio companies. In determining to retain such parties, Mountaingate Capital 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 Mountaingate Capital generally will seek reasonable rates for such services, the market for such

services involves more subjective evaluations than public securities brokerage transactions, and Fund I may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by Fund I 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, Mountaingate Capital closely monitors companies in which Fund I invests and generally maintains an ongoing oversight position in such companies. From time to time, Managing Directors or other personnel of Mountaingate Capital may serve on a portfolio company's board of directors or otherwise act to influence management of companies held by Fund I. In addition, the Investment Committee, composed primarily of senior officers of the Adviser, monitors and reviews investments of Fund I on at least a quarterly basis. The Chief Compliance Officer also periodically checks to confirm that each private investment fund is maintained in accordance with its stated objectives.

Fund I will provide the following written reports to its limited partners: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) periodic reports providing a narrative summary of the status of each portfolio company investment.

CLIENT REFERRALS AND OTHER COMPENSATION

Mountaingate Capital and/or its affiliates may provide certain business or consulting services to companies in Fund I's portfolio and may receive compensation from these companies in connection with such services. As described in the Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by Fund I. 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 "Fees and Compensation."

Mountaingate Capital has entered into a solicitation arrangement pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in Fund I. Fees and expenses payable to such placement agent are borne by Mountaingate Capital indirectly through an offset against the 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 Fund I. Mountaingate Capital currently has retained Credit Suisse Securities (USA) LLC, a registered broker-dealer, to solicit commitments from investors in exchange for a commitment fee, based on a tiered structure, ranging from 1.5% to 2.25% of commitments, subject to certain exclusions and carve-outs, in addition to the reimbursement of certain expenses.

CUSTODY

Mountaingate Capital is deemed under federal securities laws to have custody of Fund I's assets. All cash and cash equivalents are maintained in each of the fund's names with CIBC Bank USA, a qualified custodian. Additionally, Fund I will be audited annually by an accounting firm accredited by the Public Company Accounting Oversight Board, and audited GAAP financial

statements are expected to be delivered to investors in Fund I within 120 days of the fiscal year-end.

INVESTMENT DISCRETION

Mountaingate Capital has discretionary authority to manage investments on behalf of Fund I. As a general policy, Mountaingate Capital does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, however, Mountaingate Capital may enter into “side letter” arrangements with certain limited partners whereby the terms applicable to such limited partner’s investment in Fund I 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. Mountaingate Capital assumes this discretionary authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the limited partners of Fund I.

VOTING CLIENT SECURITIES

Mountaingate Capital has adopted KRG Capital’s Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how it will vote proxies, as applicable, for Fund I’s portfolio investments. The Proxy Policy seeks to ensure that Mountaingate Capital votes proxies (or similar instruments) in the best interest of Fund I, including where there may be material conflicts of interest in voting proxies. Mountaingate Capital generally believes its interests are aligned with those of Fund I’s investors through the principals’ beneficial ownership interests in Fund I 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 Mountaingate Capital may address the conflict using several alternatives, including by seeking the approval or concurrence of Fund I’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, Fund I’s advisory board may approve Mountaingate Capital’s vote in a particular solicitation. Mountaingate Capital does not consider service on portfolio company boards by Mountaingate Capital personnel or Mountaingate Capital’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 Mountaingate Capital when voting proxies on behalf of Fund I. If you would like a copy of Mountaingate Capital’s complete Proxy Policy or information regarding how Mountaingate Capital voted proxies for particular portfolio companies, please contact the Chief Compliance Officer, at (303) 390-5001 and it will be provided to you at no charge.

FINANCIAL INFORMATION

Mountaingate Capital does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.