

# Firm Brochure

## Part 2A of Form ADV

March 27, 2018

This brochure provides information about the qualifications and business practices of Franklin Park Associates, LLC ("Franklin Park"). If you have any questions about the contents of this brochure, please contact us at [info@franklinparkllc.com](mailto:info@franklinparkllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Franklin Park is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Franklin Park is registered with the SEC as an investment adviser. Franklin Park's registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information for you to use to evaluate Franklin Park and should be considered in your decision whether to hire Franklin Park.

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**Franklin Park Associates, LLC ("Franklin Park")**

**Item 2 – Purpose of Firm Brochure/Summary of Material Updates**

This Firm Brochure (the "Brochure") has been adopted to provide our employees, members, clients, prospective clients and members of the general public with information regarding Franklin Park's business and professional staff. It has been adopted pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (the "Advisers Act").

A copy of this Brochure has been filed with the U.S. Securities and Exchange Commission (SEC) and can be found either at the SEC website ([www.sec.gov](http://www.sec.gov)) or by accessing Investment Advisor registration information at [www.iard.com](http://www.iard.com).

All material updates to the Brochure from the prior version dated March 27, 2017 are summarized below:

1. Item 4 was updated to include the addition of international offices and to add advisory services related to other alternative investment strategies.
2. Item 11 was updated to include revisions to our allocation policy.
3. Item 12 was updated to describe our brokerage selection criteria.
4. Item 16 was updated to reflect that we have additional discretionary authority in certain unique circumstances.
5. Item 17 was updated to include a proxy voting policy.

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#### **Item 4 – Advisory Business**

Franklin Park (or the “Firm”) was formed in 2003 by a team of investment professionals who formerly worked together at a global private equity consulting and asset management firm. We are 100% employee owned. The firm’s six founders are the principal majority owners of the firm. We are headquartered in Bala Cynwyd, Pennsylvania, a suburb of Philadelphia and have offices in Hong Kong and Dublin, Ireland.

We provide private equity and private debt investment management and advisory services. Our senior founders have worked together for over fifteen years and remain actively engaged in our business. We offer services in all areas of private equity and private debt investing and portfolio management<sup>1</sup>, as further described below:

#### **Investment Management and Advisory Services**

- ☐ Portfolio Construction
  - Investment policy statement
  - Portfolio evaluation
  - Portfolio modeling
- ☐ Investment Selection
  - Private equity partnerships
  - Co-Investments
- ☐ Portfolio Monitoring
  - Performance reporting
  - Qualitative & quantitative fund analysis
  - Investment administration
- ☐ Fund-of-Funds Management

#### **Research, Analysis & Education**

- ☐ Research
  - Regional studies
  - Sub-asset class studies
  - Market studies
- ☐ Analysis
  - Cash flow forecasting
  - Portfolio valuation
  - Benchmarking
- ☐ Education
  - Private equity overview
  - Rationale for/role of private equity
  - Due diligence techniques

Our services are customized to individual client needs and objectives and are provided through discretionary, non-discretionary and project-oriented engagements. At the outset of a client engagement,

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<sup>1</sup> References to “private equity” throughout this brochure include private debt investments as well. The inclusion of private equity, private debt or other alternative asset strategies in an investment portfolio depends on each client’s unique investment guidelines.

we typically review or document new private equity guidelines as part of our investment planning process with clients. The private equity investment guidelines we establish for our clients incorporate:

Clear Objectives: outline investment/financial goals, preferences and constraints.

Flexibility: investing with the best managers in private equity is crucial to developing and maintaining a successful program. Accordingly, we advocate flexibility in guidelines to allow investors to pursue the best funds available to them.

Risk Management: to manage portfolio risk, we advise clients to employ portfolio constraints, such as maximum exposure to early stage venture funds or maximum exposure to international funds.

In limited circumstances, we may provide advisory services in other alternative investment strategies only upon an existing client's request. We currently provide advisory services in an investment strategy focused on public companies that are seeking to delist and become private companies. We do not invest in opportunities owned or pursued by managers in which our private funds or our clients have made investments or which we believe may pose a conflict of interest between us, our private funds or our clients.

A summary of our existing assets under management ("AUM") is provided in the table below:

Mandate Type	AUM (\$)
Discretionary	3,799.6
Non-Discretionary	8,443.6
Total	12,243.2

*\$ in millions as of September 30, 2017.*

## Item 5 – Fees and Compensation

Fees are negotiable and are based on either a fixed fee arrangement or as a percentage of assets under management. We may charge performance fees to specific funds we manage if specified performance conditions, as detailed in the fund documents, are met. We also may perform certain due diligence or research services on a project-by-project basis. Fees for these project-based services are negotiated separately.

Fees are typically billed to clients on a quarterly basis in arrears. To the extent fees are paid in advance, if a client terminates an engagement, fees paid but not earned by Franklin Park may be returned to the client pursuant to the terms of the client's agreement.

Investors in private funds are also required to share pro rata in their respective vehicles' operating expenses, including but not limited to legal, accounting, organizational expenses, and brokerage fees, as applicable.

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

We manage funds that have different fee structures, and as a result conflicts of interest could arise with respect to the allocation of investment opportunities among such funds. We have created an allocation committee that reviews allocations of investment opportunities as well as actual or potential conflicts of interest. Our policy is to allocate investment opportunities among client accounts or funds consistent with our fiduciary duties and regulatory principles. In determining the suitability of investment opportunities for client accounts or funds, our allocation committee considers several factors, including the clients' or funds' investment objectives (including objectives that may target unique investment strategies or goals), guidelines, constraints, commitment targets, existing portfolio composition, the degree in which investment sponsors, in their sole discretion, choose to determine allocations and the time, legal or process constraints surrounding the investment closing process (collectively, the "Allocation Factors"). After considering the Allocation Factors, we use our best efforts to obtain the desired allocation for each client.

**Item 7 – Types of Clients**

We have a diverse client base comprised of public plan, corporate plan, endowment, and foundation institutional investors. In addition, we have formed fund-of-fund and co-investment vehicles to manage certain client assets. We act as an adviser to such vehicles.

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

Our investment advisory service includes the evaluation, recommendation, approval and monitoring of private equity funds and co-investments. The private investment strategies include buyouts, growth capital, venture capital, mezzanine debt and distressed debt.

Our investment evaluation methodology for private equity partnerships comprises both quantitative and qualitative analyses of investment managers. In terms of quantitative analysis, we conduct a track record assessment, including absolute, relative and risk-adjusted return performance analyses, operating and financial performance and valuation analysis of portfolio companies, and attribution analysis by lead principal, region, sector and strategy. In terms of qualitative analysis, we evaluate the clarity and consistency of investment strategy, experience in executing the strategy, team qualifications, cohesion and ability to assume fiduciary responsibility, competitive positioning, attractiveness of target market segment, ability to add value to underlying portfolio companies, and partnership terms. Most of the information utilized in our evaluation of partnership investment opportunities is obtained through investment manager offering and due diligence materials.

Our investment evaluation methodology for private equity co-investments consists of both an evaluation of the investment manager leading the transaction and the company. We begin our investment process by reviewing background information on the transaction supplied by the investment manager. If we decide to pursue the opportunity further, our additional due diligence analysis may include some or all of the following: interviewing company personnel, industry and competitive analysis, analysis of the transaction's financial structure and investment return projections, interviewing the investment manager and review of due diligence materials prepared by the investment manager. Post-investment monitoring includes quarterly performance reviews with the investment manager and may also include board

participation through observer rights.

All investments present a risk of loss of capital, but an investment in the private equity asset class involves significant risks not associated with other asset classes. Investments are typically structured as un-certificated limited partnership interests in private equity funds (direct) or in a pool of private equity funds (fund-of-funds). Most limited partnerships have a ten-year term but typically extend the term for two to three additional years. The nature of the investment is relatively illiquid and there are no assurances that an investor can dispose of its interest prior to the expiration of the limited partnership's term. In addition, investors in private equity should be prepared to bear risk of loss, including an entire loss of their investment in, or commitment to a limited partnership.

Investors in the private equity asset class should consider private equity as a supplement to an overall investment program and should only invest in private equity if they are willing to undertake the risks involved.

#### **Item 9 – Disciplinary Information**

Neither our firm nor our professional staff have ever been subject to or are currently involved with any legal or disciplinary matters.

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

Related persons of the firm include general partner entities formed to manage the fund-of-fund or co-investment vehicles formed exclusively for our clients. These persons are:

1. FP OTRS I, LLC, serves as the general partner to OTRS/FP Private Equity Fund, L.P. and OTRS Legacy P/E Assets Fund, L.P.
2. Franklin Park Series GP, LLC, serves as the general partner to ATRS/FP Private Equity, L.P. and series of annual private funds including Franklin Park Venture Fund Series 2008, L.P. through Franklin Park Venture Fund Series 2018, L.P., and Franklin Park International Fund 2011, L.P. through Franklin Park International Fund 2018, L.P.
3. FP Co-Invest GP, LLC serves as the general partner to Kaiser/FP Private Equity Fund, L.P.
4. Raspberry Street GP, LLC serves as the general partner to Raspberry Street Fund I, L.P.
5. Raspberry Street II GP, LLC serves as the general partner to Raspberry Street Fund II, L.P.
6. Austin/FP GP, LLC serves as the general partner to Austin Police/FP Private Equity Fund, L.P.
7. SP/FP GP, LLC serves as the general partner of SP/FP Private Equity Fund, L.P.

Fund-of-fund vehicles that include more than one client are not charged management fees or carried interest. Rather, each client enters into an investment advisory agreement directly with Franklin Park. Clients investing in our fund-of-fund vehicles share in vehicle expenses, which include legal, accounting, monitoring and due diligence related expenses.

We do not accept payments from any third party.

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

Our firm has developed a compliance manual (the “Compliance Manual”) and a Code of Ethics (the “Code”) to ensure that we comply with applicable securities laws and regulations when we engage in the business of providing investment advisory services to clients. It is also our policy to conduct our business in a manner that meets the highest standards of commercial honor and just and equitable principles of trade. Furthermore, we have adopted The Code of Ethics and The Standards of Professional Conduct published by the CFA Institute. The Compliance Manual sets forth our policies and procedures designed to ensure such compliance. We monitor the personal trading activity of our employees on a regular basis and require quarterly disclosures to ensure that there is no improper use of material non-public information.

Clients and prospective clients can obtain a copy of our Compliance Manual, the Code and other compliance policies and procedures by making a request to our Chief Compliance Officer.

As described above, we may make recommendations to clients to participate in fund-of-fund vehicles managed by us as the general partner. These vehicles are offered on a no fee basis. A potential conflict of interest may arise when allocation to an opportunity is limited and our vehicle(s) and other clients each wish to invest. Finally, the firm may have an economic interest in certain private funds that we manage.

The Firm utilizes an Allocation Committee to ensure potential investment allocation issues among client accounts are addressed. The Allocation Committee reviews and approves investment allocations between and among client accounts, as necessary.

Investment opportunities may be appropriate for multiple clients. Franklin Park’s policy is to allocate approved investment opportunities among client accounts consistent with our fiduciary duties and regulatory principles. In determining the suitability of investment opportunities for client accounts, our Allocation Committee considers several factors, including clients’ investment objectives (including objectives that may target unique investment strategies or goals), guidelines, constraints, commitment targets, existing portfolio composition, the degree in which fund managers and private equity sponsors, in their sole discretion, choose to determine allocations, and the time, legal or process constraints surrounding the investment closing process (collectively the “Allocation Factors”). In certain cases, clients may choose to invest in an opportunity without Franklin Park’s full recommendation. In these cases, clients address their allocation needs directly with the fund manager or sponsor.

After considering the Allocation Factors, we use our best efforts to obtain the desired allocation for each client. There can be no assurance that the application of the allocation policies described herein will result in the allocation of a specific investment opportunity to a client, or that a client will participate in all investment opportunities falling within its investment objectives.

The Allocation Committee is responsible for documenting allocation decisions.

We may serve on the limited partner advisory committee (“Advisory Committee”) of certain underlying funds that our clients or vehicles invest in. Although the duties of an Advisory Committee vary depending upon the specific terms of the various funds’ limited partnership agreements, the Advisory



Committees frequently approve either the general partner's valuation of the fund's portfolio companies or approve the portfolio fund's valuation methodology. In some cases, the Advisory Committee is required to vote approving the valuation of underlying securities. In others, the Advisory Committee is required to approve valuation methodologies or the Advisory Committee has the right to object to the valuations of the underlying investment managers.

In almost all cases, funds are required under generally accepted accounting principles to value their investments at fair market value. In those cases where the Advisory Committee has the right to approve a portfolio fund's valuation, the Advisory Committee could potentially influence the valuation of an underlying fund. As this is the case, it is possible that our representation on a particular Advisory Committee may result in a conflict of interest. However, in such a scenario, Franklin Park, in voting on behalf of our client(s), is only one of several Advisory Board members making the determination. While there is the remote possibility that Advisory Committee members could influence such valuation with votes in their own best interests, we believe that the risk of such a conflict is extremely low. In most cases, the Advisory Committee acts in concert on behalf of client interests and is rarely influenced by the personal interests of the managers of the clients.

#### **Item 12 – Brokerage Practices**

In the event a client transaction requires the use of a broker, the following policies apply to transaction costs, whether related to equity, fixed income, derivative or currency transactions, and whether in the form of a commission, spread or other compensation, relating to portfolio transactions for client accounts.

Our overriding objective in effecting portfolio transactions is to seek to obtain best execution for its clients' securities transactions. It is not necessary to select the broker offering the lowest commission rate. A client account may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage and other services provided by the broker.

We seek to obtain the most favorable terms reasonably available under the circumstances by taking into consideration the following criteria:

1. Liquidity/Pricing
2. Price and Commission Rate
3. Transactional Considerations
4. Reliability/Responsiveness
5. Financial Stability
6. Regulatory History and Industry Reputation

We have not received any soft dollar benefits or any other incentives from any broker.

#### **Item 13 – Review of Accounts**

We perform reviews of client accounts and investment plans regularly. Each year, we generate an annual investment plan for clients that addresses investment pacing and selection. More regular reviews are performed as capital is called for investment and/or distributed to clients. Capital notices are reviewed

and logged into our proprietary investment performance database. Cash transactions are reconciled on a monthly basis with our clients' bank records or internal books.

On a quarterly basis, investment performance and financial statement data for our clients' private equity investments are reviewed by firm professionals. Areas included in our review and analysis include underlying portfolio company performance, consistency with stated strategy, exposure to various factors, such as company region, stage of development and size, and any developments at the investment manager, such as new or departed personnel. In addition, reviews include analysis of: (i) disparity between financial statement reporting and capital notices, and (ii) compliance with partnership agreement terms and conditions.

Generally, client reporting is tailored to the needs of individual clients. At a minimum, each quarter, our clients receive a performance report that includes a quantitative and qualitative review of their private equity portfolio and underlying investments.

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

We do not compensate any person for client referrals. We do not receive any economic benefits from any parties who are not clients.

#### **Item 15 – Custody**

We have custody of certain client assets through management of our fund-of-fund or co-investment vehicles. We send our clients quarterly financial reports and annual audited financial statements of each vehicle within 180 days of year end.

#### **Item 16 – Investment Discretion**

We accept discretionary authority to manage client assets. We manage these mandates through our fund-of-fund and co-investment vehicles or through separate account arrangements. Each of these engagements is documented by a written contractual agreement. We have discretion to make commitments to private equity funds, to make co-investments, and to purchase public securities in certain unique circumstances. This discretion also includes negotiating legal documentation and distribution management upon an investment's realization.

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

In certain cases we may also participate in proxy voting. Our proxy voting procedures are designed to ensure that proxies are voted in a manner that is in the best interest of the client. Except in cases of certain client specific investment strategies, we will generally vote in favor of matters that follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders, and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

There may be instances in which conflicts may arise between the interests of the client and the Firm. In general, if a perceived material conflict of interest with respect to a particular vote is encountered, the

conflict should be brought to the firm's Compliance Committee, which shall determine how to vote the proxy consistent with the best interests of the client.

Clients may obtain information about how we voted their securities and may obtain a copy of our proxy voting policies and procedures upon request.

**Item 18 – Financial Information**

There are no financial conditions that are reasonably likely to impair our ability to meet our contractual commitments.