

Morgan Stanley Private Equity Asia, Inc.

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March 31, 2011

This Brochure provides information about the qualifications and business practices of Morgan Stanley Private Equity Asia, Inc. as adviser to Morgan Stanley Private Equity Asia, L.P. If you have any questions about the contents of this Brochure, please contact Samantha Cooper at (212) 761-3022 or email [samantha.cooper@morganstanley.com](mailto:samantha.cooper@morganstanley.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.

Morgan Stanley Private Equity Asia, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Morgan Stanley Private Equity Asia, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. We provide this brochure to our clients as well as limited partners of the private funds that we manage (“Limited Partners”). This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. In the future, we will provide clients and Limited Partners with a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may provide additional disclosures about material changes as necessary.

We will further provide clients and Limited Partners with a new Brochure as necessary based on changes or new information, at any time, without charge upon request.

Currently, our Brochure may be requested by contacting Samantha Cooper at (212) 761-3022 or email [samantha.cooper@morganstanley.com](mailto:samantha.cooper@morganstanley.com)

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#### **Item 4 – Advisory Business**

Morgan Stanley Private Equity Asia, Inc. (the “Adviser”) was formed in 2005 and registered with the SEC under the Investments Advisers Act of 1940, as amended (the “Advisers Act”) in 2005.

The Adviser is a wholly-owned direct subsidiary of Morgan Stanley.

As of December 31, 2010, the Adviser had approximately \$846,900,000 of assets under management, all of which are managed on a discretionary basis.

The Adviser’s primary business is the management of private funds that pursue the investment strategy described below.

Morgan Stanley Private Equity Asia, L.L.C. (the “General Partner”), an affiliate of the Adviser, is the general partner of Morgan Stanley Private Equity Asia, L.P., a Cayman Islands exempted limited partnership (together with other related parallel, co-investment and feeder vehicles, “Morgan Stanley Private Equity Asia,” the “Fund” or the “Funds”).

The Funds primarily make long-term private equity and equity-related investments in entities with significant operations in Asia. The Adviser’s advisory services consist of identifying investment opportunities and making investments, as well as managing and disposing of investments made by the Funds.

## **Item 5 – Fees and Compensation**

Certain fees and other compensation described herein are subject to negotiation with investors.

### **Management Fees**

The Adviser generally receives an annual management fee (the “Management Fee”) from the Funds equal to 2% of capital commitments during the investment period and invested capital thereafter. Limited Partners with committed capital amounts equal to or in excess of \$50 million receive a 0.5% reduction of the Management Fee rate. The Management Fee is funded by the limited partners of the Funds (the “Limited Partners”) and is payable quarterly in advance. Upon termination of the management agreement between the Adviser and the applicable Fund, the Adviser is generally required to repay to such Fund or to a replacement manager, as directed by the General Partner of the applicable Fund, the unearned portion (computed on the basis of the number of days elapsed), if any, of the Management Fees previously paid to the Adviser.

The Adviser and its professionals may charge portfolio companies transaction fees, sponsor fees, monitoring fees, advisory fees, directors’ fees, commitment fees, closing fees, amendment fees, break up fees and other similar fees. An amount equal to each Limited Partner’s share of 50% of all such fees other than directors’ fees and 100% of directors’ fees paid by portfolio companies that are received by the Adviser the General Partner or any of the investment professionals dedicated to the Funds (as described in the private placement memorandum of the Fund), net of any unreimbursed related expenses incurred by the Adviser or its affiliates or representatives in connection with unconsummated transactions, will generally be applied to reduce the Management Fee otherwise payable by such Limited Partner. All such fees will first be allocated among the applicable Fund and any other investors.

Fees may be deducted from the Funds’ assets as and to the extent set forth in the limited partnership agreements of the Funds (the “Partnership Agreements”).

### **Carried Interest**

The General Partner is generally entitled to receive carried interest with respect to each limited partner equal to 20% (10% in the case of certain limited partners who are employees of Morgan Stanley or its affiliates) of such limited partner’s profits from each Partnership investment, subject to satisfaction of an 8% internal rate of return, compounded annually, for such investment, previously realized investments and related management fees and expenses. Such carried interest is earned on an investment-by-investment basis and is not payable until proceeds are realized from an investment.

## **Expenses**

The Funds may also bear certain out-of-pocket expenses incurred by the Adviser and/or its affiliates in connection with the services provided to such Funds. The payment of such expenses by the Funds does not represent a source of profit for the Adviser, but rather is a reimbursement of actual costs initially paid by the Adviser (or its affiliates) and subsequently passed through to the Funds. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential investment by the Funds and the acquisition, management, holding, sale, proposed sale or valuation of any investments by the Funds; and (ii) ordinary administrative expenses, including fees of auditors, attorneys, appraisers and other professionals auditing, accounting, banking and consulting expenses (including expenses paid to the Adviser or to any of its affiliates for services rendered on an arms-length basis in connection with the Funds' affairs). Item 12 further describes the factors that Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

## **Placement Agent Fees**

With respect to the Funds, broker-dealers who are our affiliates will act as placement agents to assist in the placement of a Fund's interests. Any placement fee not payable by us will be in addition to an investor's capital commitment. The amount of any placement fee will be described in the placement agent's point of sale letter. However, the placement agents or distributors may in their sole discretion waive the placement fees payable by an investor, including an investor that is an employee or affiliate of the general partner and/or the Adviser.

The private placement memoranda for the Funds include further details on fees and compensation and related matters.

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

In some cases, the Adviser has entered into performance fee arrangements with qualified clients; such fees are subject to individualized negotiation with each such client. The Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance based fee arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser has designed and implemented procedures to ensure that all clients are treated fairly and equitably. In addition, certain investment vehicles pay different levels of performance fees, which may create differing incentives for the Adviser when allocating investment opportunities. Specific parameters for allocations are included in the governing documents of the Funds to address the conflicts inherent in these differing incentives.

Please see Item 5 for further information regarding performance based fees charged by the Adviser.

## Item 7 – Types of Clients

The Adviser provides portfolio management services to private funds and other pooled investment vehicles. These private funds are not subject to regulation under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Generally, the minimum investment amount varies among the investment vehicles that comprise the Funds. Morgan Stanley reserves the right to waive any minimum investment requirement in its discretion. In addition, Limited Partner interests in a Partnership (“Interests”) may be purchased only by certain eligible investors who are “accredited investors” as defined in Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act.

In the case of the Employee Funds, interests have been offered and sold to investors who are “accredited investors” as defined in Regulation D of the Securities Act and in accordance with the requirements of an exemptive order under the Investment Company Act received by Morgan Stanley from the United States Securities and Exchange Commission in April 2000.



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

### **Investment Strategies**

The Fund’s objective is to make investments (“Portfolio Investments”) consisting primarily of equity and equity-related securities of operating companies or their parents that are acquired in privately negotiated transactions (“Private Equity Securities”). Portfolio Investments may also consist of other investments in private equity securities, publicly traded equity and equity-related securities, as well as public or private debt securities, and investments, assets and instruments related to the foregoing. The Fund may commit funds to other entities with investment objectives consistent with those of the Fund that may earn performance based fees where Morgan Stanley believes such investment may facilitate the creation of strategic relationships or otherwise enhance the Fund’s performance or investment opportunities (“Strategic Funds”). These fees will not reduce the fees payable to the Adviser. From time to time the Adviser may cause the Funds to invest cash held by the Funds in temporary investments or to employ hedging techniques to reduce the risk of adverse interest rate, currency, credit or security movements on investments.

The Fund’s objective is to invest in entities (or their parents) with significant operations in Asia, principally in such entities with operations in the People’s Republic of China, South Korea, Singapore, Hong Kong SAR and Taiwan, as well as in Japan, Malaysia, Thailand, Indonesia, the Philippines, Australia, New Zealand and India.

### **Methods of Analysis**

The global investment committee (the “Investment Committee”), led by the Investment Team and including other senior officers of Morgan Stanley, is involved throughout the entire investment process, including initial review and evaluation of potential investments, consideration of applicable industry dynamics and approval of Fund investments. The Investment Committee brings to bear the combined global investment experience and perspectives of some of Morgan Stanley’s most senior and experienced professionals to determine whether the Fund’s investments meet the most stringent criteria consistent with global best practices.

Each investment opportunity identified by the Investment Team is first reviewed based on preliminary discussions with management to determine the key parameters of the opportunity and the competitive strengths of the company. In addition, the Investment Team undertakes an initial review of industry research and industry experts’ views to gain an understanding of the

overall industry dynamics and the company's competitive positioning. Following this review, the Investment Team determines whether it is likely to meet the Investment Committee's strict investment criteria and subsequently decides whether it merits further development, research and the devotion of additional resources.

If an investment opportunity passes preliminary screening, the Investment Team then performs due diligence, generally with management, to achieve a comprehensive understanding of the company's competitive positioning and the opportunities and risks associated with the proposed investment. The Investment Team's analytic process includes constructing business and financial scenarios that test operating and capital structure assumptions and estimate potential returns from the investment. The Investment Team draws on other experts from both within and outside Morgan Stanley, including experienced industry executives, research analysts and investment banking professionals who cover the relevant countries, industries and companies.

If an investment opportunity meets the Investment Committee's investment criteria and standards, the Investment Team then assembles a dedicated transaction team that consists of legal counsel, financial and tax accountants, and if necessary, other advisors such as industry experts to assist with formal due diligence, structuring and negotiations. The Investment Team and advisors undertake a thorough due diligence review to ensure the transaction structure and terms take into account all relevant data points specific to the opportunity, including key leverage points that can be utilized to negotiate the most favorable terms.

### **Risk Factors**

Investing in securities involves risk of loss that clients should be prepared to bear.

*Our investment strategy entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks of an investment in the Fund. The risks summarized below are described in greater detail in the private placement memoranda provided to Limited Partners. In addition, there are other risks (in addition to risks related to our investment strategy) associated with investing in the Funds, which are described in the private placement memoranda.*

- uncertainty regarding the economies of certain countries and jurisdictions in Asia;
- direct and indirect consequences of potential political, economic, social and diplomatic changes in Asia;
- limitations or restrictions on direct foreign investment in the securities of resident companies;

- Changes in foreign currency exchange rates and conversion costs;
- limitations or restrictions on direct foreign investment in the securities of resident companies;
- inability to obtain government approval of repatriation transactions;
- use of hedging techniques;
- underdeveloped accounting, auditing and financial reporting standards;
- participation in emerging securities markets;
- economic and market influence on individual securities markets of Asia;
- illiquidity of investments;
- potential loss of invested capital;
- highly competitive markets;
- reliance on expertise of Morgan Stanley investment professionals;
- unfavorable performance of a single portfolio investment;
- inability to execute exit strategy;
- contingent liabilities in connection with the disposition of investments;
- little or no current return on investments prior to their disposition;
- possession of material, non-public information concerning an investment or potential investment;
- significant degree of financial and/or business risk;
- potential inability to protect the value of minority equity investments;
- reliance on portfolio company management;
- potential liabilities related to portfolio company restructurings; and
- changes in general economic conditions and global economic and political events.

**Part 2A of Form ADV: Firm Brochure**

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The General Partner and the Adviser also may face conflicts of interest in connection with managing the Fund. See Item 10 – Other Financial and Industry Activities.

**Item 9 – Disciplinary Information**

The Adviser has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

The Adviser expects to receive a variety of services from its affiliate, Morgan Stanley & Co. Incorporated, a registered broker-dealer and a registered investment adviser, including, but not limited to, information regarding potential investment opportunities, financial advice and assistance in connection with the making, monitoring and disposing of investments and securities underwriting and brokerage services in connection with the sale of investments. The Adviser is the manager of the Funds. The Adviser shares certain officers and directors with related investment advisers that also manage affiliated private equity funds.

Furthermore, the Adviser or its affiliates from time to time create limited partnerships through which their clients may invest. For example, the General Partner may create a limited partnership that is the vehicle through which the Funds and or Limited Partners of the Funds may make a portfolio investment.

The Adviser is the managing member of the general partner of the Funds. The Adviser and/or certain related persons have and may continue to organize other partnerships and serve as the general partner or the managing member of the general partner to these partnerships. In organizing these partnerships, the Adviser or a related person may be deemed to have been or to be soliciting clients.

The Adviser may from time to time compensate certain of its employees, its affiliates' employees or any other placement agents in return for referrals of Limited Partners that have not previously invested in a fund managed by the Adviser. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act.

Finally, the Adviser and its affiliates face conflicts of interest resulting from the broad spectrum of activities in which Morgan Stanley engages, including those relating to:

- conflicts of interests among Morgan Stanley's clients and investors in the Fund;
- financial incentives relating to carried interest arrangements;
- the possession by Morgan Stanley of material, non-public information regarding existing and prospective portfolio companies;
- the exercise by Morgan Stanley of its discretion to allocate investment opportunities, time and resources among its various businesses, clients and Morgan Stanley related persons;

- Morgan Stanley's independent investment management, sales and trading and other businesses;
- purchases or sales of assets by the Fund from or to Morgan Stanley or companies in which Morgan Stanley has an interest and other counterparty transactions;
- Morgan Stanley's advisory relationships with clients that may compete with, or otherwise have interests that are adverse to, the interests of the Fund;
- fees paid by the Fund and its portfolio companies to Morgan Stanley for investment banking or other services, which will not be shared with the Fund;
- investments by Morgan Stanley in competitors or other counterparties of portfolio companies;
- restrictions applicable to the Fund as a result of Morgan Stanley being subject to the Bank Holding Company Act of 1956, as amended, and the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act;
- Morgan Stanley acting as a broker for the Fund and another person on the other side or a transaction;
- Morgan Stanley making, underwriting and syndicating loans;
- Morgan Stanley acting as financial advisor to financially troubled portfolio companies; and
- broker-dealers affiliated with Morgan Stanley acting as a placement agents or distributors with respect to the Funds.

A more detailed description of these conflicts appears in the private placement memoranda that are provided to Limited Partners.

### **Conflict Identification and Mitigation**

Morgan Stanley and the Adviser have established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately if necessary to firm management or the firm's franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review. In

addition, the Adviser addresses conflicts through disclosure to its investors and should any transactions presenting a potential conflict of interest actually arise, the Adviser may in certain situations choose to seek the approval of the Advisory Committee with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) thereunder. The Adviser may also choose to seek the approval of Limited Partners of the applicable Funds with respect to certain conflict situations or matters under the Advisers Act.



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

### **Code of Ethics**

The Adviser has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act, applicable to employees of the Adviser who are based in North America and Investment Committee members (“Access Persons”). Each Access Person is required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices and courses of business engaged in by Access Persons are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by Access Persons with respect to their personal trading and other business activities.

The Code addresses the personal trading and investment activities of Access Persons, as more fully described below. In addition, the Code addresses standards of business conduct and fiduciary duties expected of Access Persons, including confidentiality obligations and restrictions on outside business activities and other conflicts of interest.

Violations of the Code are subject to sanction, including reprimand, demotion, suspension or termination of employment.

Copies of the Code are available upon request from the Adviser.

### **Personal Trading and Investments**

The Code refers to a number of policies governing the securities trading and investing activities of employees for their own accounts. Such policies require all Access Persons to pre-clear trades for covered securities, as defined under the policies, in a personal account. A pre-clearance request will be denied if such securities are under consideration for investment, or have been acquired by, a client of the Adviser, or if the Adviser is in receipt of material non-public information of the company or if another conflict exists. Such policies also impose holding periods and reporting requirements for covered securities. In addition, investments in private placements or an employee's participation in an outside business activity must be pre-approved by the employee's designated manager and the Chief Compliance Officer.

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

We recommend that clients invest in Funds for which we act as investment adviser. Prior to subscribing for interests in a Fund advised by the Adviser, investors receive information relating to

potential conflicts of interest between the activities of the Fund and the business activities of the Adviser, and its affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

On rare occasions, a Fund may sell a security or asset which another Fund, or an affiliate of the Adviser, wants to own. On these occasions, after extensive Firm and legal and compliance review and documentation, a sale of the security or asset from one Fund to another will be permitted.

The Adviser may purchase and sell public and private investments and co-invest the assets of the clients alongside other Funds and accounts managed by the Adviser or its affiliates in compliance with the requirements and conditions of rules, regulations, orders, or interpretations of the SEC, or no-action letters of the SEC Staff, and in accordance with Fund and client account governing documents. The Adviser has adopted an Allocation Policy and Procedures in order to ensure that each client is treated in a fair and equitable manner. The following factors will be considered, as appropriate, in connection with allocation decisions:

- Rights of first offer in favor of a client
- Investment guidelines, goals or restrictions of the client
- Capacity of the client
- Existing allocation to similar strategies and the diversification objectives of the client
- Tax, legal or regulatory considerations
- With respect to co-investment allocations, whether the co-investor can provide value add to the operations of the business or provide future opportunities to the business of the client
- Other relevant business considerations

Please refer to Item 10 for a description of other financial industry activities and affiliations of Morgan Stanley, and a discussion of the material conflicts relating thereto.

## **Item 12 – Brokerage Practices**

Due to the nature of the investments the Funds make, broker-dealers are not generally used for transactions. However, when executing transactions on behalf of the Fund through a broker, dealer or underwriter, the Adviser's objective will be to obtain "best execution" (that is, the most favorable price and execution). The Adviser's effort to obtain best execution on any individual transaction depends substantially on its judgment, knowledge and experience in evaluating the counterparties', advisers' and service providers' ("Counterparties") reliability and capability based on previous and pending transactions effected by the broker-dealer for client accounts. Some of the factors considered by the Adviser in selecting a Counterparty include, among other things, execution quality and capabilities, including with regard to market making, commissions charged by and gross compensation paid to such Counterparty, and special knowledge of the Adviser's client's markets.

The Adviser will only consider engaging in a principal or cross transaction with Morgan Stanley or its affiliates on behalf of a fund or client to the extent permitted by applicable law. The Adviser has adopted policies and procedures to ensure compliance with Section 206(3) of the Advisers Act, where applicable.

A broker-dealer (including a Morgan Stanley affiliate) may act as agent for one or more clients in selling publicly traded securities simultaneously. In such a situation, transactions may, but are not required to, be bundled and clients will receive proceeds from sales based on average prices received, which may be lower than the price which could have been received had each client sold its securities separately from such broker-dealer's other clients.

### **Item 13 – Review of Accounts**

The General Partner's Investment Committee reviews and approves all significant investment decisions. The members of ICOMM are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B. The investments made by the Fund 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, the Adviser's portfolio management staff closely monitors companies and assets in which the Funds invest and generally maintains an ongoing oversight position in such companies and assets (including, where relevant, representation on the board of directors of such companies). Reviews occur on a quarterly, and in some cases, monthly basis.

The Adviser provides quarterly unaudited reports and annual audited reports to the Limited Partners of the Funds managed by the Adviser, which include, among other things, financial statements and descriptions of the investments of the Funds.

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

The Adviser may from time to time compensate certain of its employees, its affiliates' employees or any other placement agents in return for referrals of Limited Partners that have not previously invested in a fund managed by the Adviser. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act if applicable.

**Item 15 – Custody**

The Adviser is deemed to have custody of the Funds' cash and securities by virtue of its relationship with the General Partners of the Funds. Each Limited Partner of a Fund receives the Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the end of the Fund's fiscal year.

## **Item 16 – Investment Discretion**

As the manager of the Funds, the Adviser will have discretion to recommend to the General Partner, without consent of the Fund investors, the particular securities to be bought and sold, the broker or dealer (including a Morgan Stanley affiliate) to be used (if any) and the commission rates to be paid by the Funds in cases where a broker or dealer is used. The Adviser will provide investment advice to the Funds, subject to certain investment limitations regarding diversification and type of permitted investments as set forth in the applicable Partnership Agreement. When executing transactions on behalf of the Funds through a broker, dealer or underwriter, the Adviser's objective will be to obtain the most favorable commission and the best price available on each transaction in light of the quality of execution provided. Consequently, brokers, dealers and underwriters are selected primarily on the basis of their execution, capability and trading expertise.

Adviser generally receives discretionary authority from a Partnership at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such authority is provided in Adviser's advisory contract with each Partnership and/or under the terms of the operating agreement of each Partnership. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Partnership. When selecting securities and determining amounts, Adviser observes the investment policies, limitations and restrictions of the Partnership for which it advises.

## Item 17 – Voting Client Securities

Where the Adviser has accepted authority to vote proxies on behalf of a client, the Adviser will vote proxies in accordance with its policies and procedures in place for voting of proxies (the “Proxy Voting Policy”), which are designed to ensure compliance with Rule 206(4)-6 of the Advisers Act. Copies of the Proxy Voting Policy are available upon request from the Adviser. Under the Proxy Voting Policy, the Adviser will vote proxies on behalf of the clients based on a determination of the best interest of the clients, consistent with the objective of maximizing long-term investment returns for the clients.

In many situations, a client is a party to a stockholder or similar agreement. These agreements are entered into in the best interests of the clients, and may require the advisers to vote the other investors’ nominees to a board of directors or similar body, or require a vote in favor of a particular transaction. If this is the case, the Adviser will comply with the applicable clients’ contractual obligations.

Where no contract requires a client to vote for a specific outcome, the Proxy Voting Policy is designed to be responsive to the wide range of issues that may be subject to proxy vote, but is not exhaustive due to the variety of proxy voting issues that the advisers may be required to consider.

The clients generally make a limited number of direct investments in portfolio companies that are or will become public. As a result, the advisers will generally cast proxy votes on behalf of the clients with respect to a limited number of public portfolio companies.

The Adviser reserves the right to depart from the Proxy Voting Policy in order to avoid voting decisions that it believes may be contrary to the clients’ best interests. In addition, the Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that the client’s interests are better served by an abstention.

The Adviser may be subject to conflicts of interest in the voting of proxies. A potential conflict of interest may occur where an adviser or any of its affiliates or their respective employees has a direct or indirect economic stake in the outcome of a proxy vote that is different from a client’s stake. When such a potential conflict arises between the Adviser and any of its affiliates or their respective employees on the one hand and one or more of the clients on the other, the matter is evaluated to determine whether an actual conflict exists. Where an actual conflict exists, the Adviser will take necessary and appropriate steps to address the conflict.



**Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosure about the Adviser's financial condition. The Adviser is not aware of any financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.