

**INVESTMENT ADVISER BROCHURE**

**WEST RIM CAPITAL ASSOCIATES II, L.P.**

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**March 31, 2015**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of West Rim Capital Associates II, L.P. (the “General Partner”). If you have any questions about the contents of this Brochure, please contact us at (801) 407-8400. 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.**

The General Partner 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 the General Partner is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **MATERIAL CHANGES**

The following are material changes to this Brochure since the General Partner's previously filed Brochure dated March 27, 2014:

The section titled Advisory Business is updated to include additional Private Investment Funds.

The sections titled Fees and Compensation and Methods of Analysis, Investment Strategies and Risk of Loss are revised to include descriptions and disclosure of certain value-added operational services to portfolio companies in which the Funds invest, which may be provided by certain employees of the General Partner.

## ADVISORY BUSINESS

The General Partner, the registered investment advisory firm, is a Delaware limited partnership. The General Partner and its affiliated investment advisers, West Rim Capital Advisors, L.P. (“**West Rim Advisors**”) and West Rim Capital Advisors, LLC (the “**Ultimate GP**,” and together with the General Partner and West Rim Advisors, the “**Managers**”), were formed to provide “investment supervisory services” to their clients, which consist of private investment-related funds, including Sorenson Capital Partners II, L.P., West Rim Capital Partners II, L.P., West Rim Capital Partners II-A, L.P. and West Rim Capital Partners II-B, L.P.; and Sorenson Capital Partners III, L.P., Sorenson Capital Partners III-A, L.P. and Sorenson Capital Partners III-B, L.P. and Sorenson Capital Investment Partners III, L.P. (collectively, the “**Funds**,” and together with any future private investment fund, “**Private Investment Funds**”). The General Partner of the Funds have the authority to make all investment decisions for the Funds. The General Partner, which is managed by the Ultimate GP, has delegated to West Rim Advisors the day-to-day investment advisory services of the Funds. West Rim Advisors and the Ultimate GP are registered under the Advisers Act pursuant to the General Partner’s registration in accordance with SEC guidance.

The Funds and any other Private Investment Funds that may be formed by the General Partner (or its affiliates) at a later date or that may otherwise become clients of the General Partner are expected to invest through negotiated transactions in operating entities. The Managers’ investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. From time to time, the managing directors or other personnel of the Managers or their affiliates may serve on a portfolio company’s board of directors or otherwise act to influence management of companies held by the Funds.

The Managers’ advisory services for Private Investment Funds are detailed in the applicable private placement memoranda and limited partnership agreements and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Private Investment Funds participate in the overall investment program for the applicable fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints.

As of December 31, 2014, the General Partner managed \$722,669,064.50 in client assets on a discretionary basis. The General Partner is principally controlled by Fraser Bullock and the Ultimate GP, which is managed by Ron Mika, Fraser Bullock, Tim Layton and Luke Sorenson (collectively, the “**Principals**”).

## FEES AND COMPENSATION

With respect to the Funds, the General Partner receives an annual management fee and a carried interest. The annual management fee (“**Management Fee**”) is a maximum of 2.5% of aggregate investor capital commitments (“**Commitments**”) payable quarterly in advance (subject to potential reductions due to waivers and offsets under certain circumstances) and commences from the Funds’ initial closing (whether or not an investor was admitted at an initial or subsequent closing). Beginning the earlier of (i) six years after the initial closing date, or (ii)

following certain events (as more fully described in the Funds' partnership agreements (the "**Partnership Agreements**")); such period hereinafter referred to as the "**Commitment Period**")), the Management Fee shall be reduced to 2.5% (or 1.75% if a successor fund has commenced operations) of all investor capital contributions for investment less distributions of such capital and any complete write-offs of portfolio investments. The Management Fee generally will be payable until all portfolio investments are distributed or until the General Partner's relationship with the Funds are terminated for other reasons (as described in the Partnership Agreements). The Funds' organizational documents permit the Management Fee to be waived and for the General Partner to receive a credit against capital contributions otherwise owed. In addition, the General Partner will receive a carried interest or performance fee from investors in the Funds equal to 25% of all realized profits (as more fully described in the Partnership Agreements). The carried interest distributed to the General Partner is subject to a potential giveback at the end of life of the Funds if the General Partner has received excess cumulative distributions. The Management Fee is paid by the General Partner to the General Partner for day-to-day investment advisory services for the Funds.

Managers and/or affiliates may provide various management and financial analysis services to companies in the Funds' portfolio and may receive compensation ("**Supplemental Fees**") from these companies in connection with such services. This compensation may, in many cases, offset a portion of the Management Fees paid by the Funds and, in certain cases such as directors' fees, may be offset against Management Fees up to one hundred percent of the amount received and as further described in the Funds' Partnership Agreements. However, in other cases (e.g., provision of certain corporate services to a portfolio company), these fees would be in addition to Management Fees, subject to limitations in the Partnership Agreements.

The General Partner and/or its affiliates may exempt certain persons from payment of all or a portion of Management Fees and/or carried interest, including personnel or owners of the General Partner or its affiliates, persons with family or other relationships with the General Partner or its affiliates, service providers for the General Partner or its affiliates, or other unaffiliated parties. Any such exemption from fees and/or carried interest may be a direct exemption or rebated by the General Partner and/or its affiliates. It is expected that certain personnel of Huntsman Gay Global Capital ("**HGGC**") will be permitted to invest in the Funds or co-invest alongside the Funds without the payment of Management Fees or carried interest (please see below for more information on HGGC).

It is expected that any future Private Investment Funds will have a similar fee structure.

The Funds and other Private Investment Funds invest on a long-term basis. Accordingly, investment advisory and other fees are paid during the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other employees of the General Partner may receive a portion of the performance fees or carried interest received by the General Partner or its affiliates.

In addition to the Management Fee and carried interest payable to the Managers, the Funds bear certain expenses. As set forth in the Partnership Agreements, the Funds bear all expenses of the Funds that are not reimbursed by portfolio companies, including: legal, auditing,

consulting, financing, accounting and custodian fees and expenses; expenses associated with the Funds' financial statements, tax returns and Schedule K-1s; out of pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board (the "**Advisory Board**") composed of representatives of the Funds' investors (collectively, the "**Limited Partners**") and annual meetings of the Limited Partners; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Funds. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

Additionally, as described more fully herein and in the applicable Partnership Agreements, under specific circumstances, certain members of the Managers Performance Group (collectively, "**Performance Group Members**") who may also be employees of the General Partner may provide certain value-added operational services to portfolio companies in which the Funds invest, whether on a one-time or more regular basis, that in many cases would otherwise be performed by third party consultants or other service providers. Such Performance Group Members generally may provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services may also include serving in management or policy-making positions for portfolio companies. In connection with such services, the General Partner may be reimbursed for the compensation paid to such Performance Group Members, which may be determined according to one or more methods, including, but not limited to, the value of the time (including an allocation for overhead and other fixed costs) of such Performance Group Members. As set forth in the applicable Partnership Agreements, such reimbursed costs will not offset the applicable Management Fee. The use of Performance Group Members subjects the Managers to conflicts of interest, as discussed under "Conflicts of Interest," below.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," the General Partner receives a carried interest allocation on certain realized profits in the Funds. The Managers also manage accounts that are not charged a performance-based fee. This practice could present a conflict of interest because the Managers have an incentive to favor accounts for which we receive a performance-based fee. The Managers attempt to resolve such conflicts of interest in light of their obligations to investors in their Private Investment Funds and the obligations owed by the Managers to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds, other Private Investment Funds and such investment vehicles in a fair and equitable manner.

#### **TYPES OF CLIENTS**

The Managers provide investment advice to Private Investment Funds, including the Funds. Private Investment Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, 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 the Managers and their affiliates.

The Funds generally have a minimum investment amount ranging from \$5 million to \$10 million for third-party investors, and the Fund interests are offered and sold solely to accredited investors who are also qualified clients. Such minimum investment amount may be waived by the General Partner.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

The General Partner has selected its affiliate West Rim Advisors to provide day-to-day investment advisory services to the Funds, under the supervision of the General Partner. The Managers share common owners and personnel. Accordingly, the Managers' investment methodology is described below.

There can be no assurance that the Managers will achieve the investment objectives of the Funds and a loss of investment may be possible.

### **Investment and Operating Strategy**

The Managers seek to provide attractive returns to investors by (i) using their extensive networks to proactively source attractive businesses, (ii) performing in depth deal due diligence with conservative screening criteria and by selecting, structuring and appropriately pricing investments, and (iii) actively managing the Funds' investments in conjunction with portfolio company management.

*Superior deal flow.* The Managers have access to established networks of company executives, other buyout funds, venture capitalists, consultants, attorneys, academics, accountants, investment bankers, business brokers and analysts to serve as sources of deal flow. The Managers believe that these established networks together with new relationships they plan to aggressively continue to develop will generate a number of high quality investment opportunities.

*Conservative Screening Criteria.* Leveraging their prior experience, the Managers will drive an in-depth due diligence process for identified investment opportunities encompassing the industry, competitive position, cost structures, customers, management and financial performance. As they've done historically, the Managers will underwrite the investments using conservative financial forecasts with high confidence of attractive base case returns and a reasonable opportunity of an upside return case.

*Favorable Capital Structures.* The Managers intend to continue to use conservative amounts of leverage on the balance sheet of investments in order to support the growth within portfolio companies and to avoid excessive financial stress. In addition, where available, they expect to seek "seller-provided" financing (debt and earn-outs) in order to further optimize returns while keeping potential balance sheet pressure to a minimum. Finally, the Managers generally will invite owners and managers of businesses to roll over into the equity of the

acquiring entity in a substantial way which serves to keep them motivated and aligns incentives with the Funds.

*Value Creation Focus.* Utilizing their operational backgrounds, the Managers will be actively involved with Fund portfolio companies, providing on going strategic direction and operational support, and working with management to add value.

To accomplish the foregoing, the Managers intend to retain a larger professional staff than they believe is typical for private equity funds of a comparable size.

## **Type of Investments**

The Funds invest in operating or financial entities, including other investment entities that invest in operating companies such as partnerships or limited liability companies. Equity-related securities may include preferred stock, warrants, convertible debt or preferred stock, partnership or similar interests in operating entities, options and other derivative type securities. While not its principal focus, the Funds may from time to time invest in cash instruments or short-term debt instruments, including mutual funds which invest in such instruments, pending investment, reinvestment or distribution to its investors. The Funds will hold a substantial portion of its assets in restricted securities, but generally will seek registration rights or other liquidity features in connection with investments to enable it to exit the investment at an appropriate point under the individual circumstances of each investment. The Funds may use leverage in connection with its investments.

## **Risks of Investment**

The Funds and their investors bear the risk of loss that the Managers' investment strategy entails. The risks involved with the Managers' investment strategy and an investment in the Funds include, but are not limited to:

- 1) Business Risks. The Funds' investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
- 2) Future and Past Performance. The performance of the Principals' prior investments is not indicative of the Funds' future results. While the General Partner intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.
- 3) Investment in Junior Securities. The securities in which the Funds 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 once made.
- 4) Concentration of Investments. The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Funds' investment portfolio could become highly concentrated, and the



performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

- 5) Lack of Sufficient Investment Opportunities. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. However, Limited Partners will be required to pay annual management fees during the Commitment Period based on the entire amount of their Commitments.
- 6) Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as illiquid. It is uncertain as to 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, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the annual management fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Funds' capital.
- 7) Leveraged Investments. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Funds' opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit market, which state is difficult to accurately forecast. During times when credit markets are tight it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. 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 finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be tight at the time the Funds determine that it is desirable to sell all or part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. See also Section IX- Legal and Tax Matters - Tax Exempt Investors.
- 8) Limited Transferability of Fund Interests. There will be no public market for partnership interests in the Funds, and none is expected to develop. There are substantial restrictions

upon the transferability of partnership interests in the Funds under the Partnership Agreements and applicable securities laws. In general, withdrawals of partnership interests in the Funds are not permitted. In addition, partnership interests in the Funds are not redeemable.

- 9) Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the Partners.
- 10) Reliance on the General Partner and Portfolio Company Management. Control over the operation of the Funds will be vested entirely with the General Partner, and the Funds' future profitability will depend largely upon the business and investment acumen of the Principals. The loss of service of one or more of the Principals could have an adverse effect on the Funds' ability to realize its investment objectives. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend entirely on the actions of the General Partner. Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.
- 11) Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company 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.
- 12) Conflicting Investor Interests. Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner 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, the General Partner will consider the investment and tax objectives of the Funds and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.
- 13) Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Funds may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial

negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Funds to increase their participation in a successful operation.

- 14) Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds), the application of complex U.S. and foreign tax rules to cross-border investments, possible imposition of foreign taxes on the Funds and/or the partners with respect to the Funds' income, and possible foreign tax return filing requirements for the Funds and/or the partners. Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.
- 15) Significant Default Penalties. The Partnership Agreements provides for significant penalties and other adverse consequences in the event a Limited Partner defaults on its Commitment or other payment obligations. In addition to losing its right to potential distributions from the Funds, a defaulting Limited Partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.
- 16) Dilution. Limited partners admitted to the Funds at subsequent closings will participate in then-existing investments of the Funds, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its *pro rata* share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.
- 17) General Partner's Carried Interest. The fact that the General Partner's carried interest is based on a percentage of net profits, may create an incentive for the General Partner to cause the Funds to make riskier or more-speculative investments than would otherwise be the case.
- 18) Public Company Holdings. The Funds' investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.
- 19) Director Liability. The Funds will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a

portfolio company exposes the Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

- 20) Delayed Schedule K-1s.** The Funds may not be able to provide final Schedule K-1s to Limited Partners for any given fiscal year until after April 15 of the following year. The General Partner will endeavor to provide Limited Partners with final Schedule K-1s or with estimates of the taxable income or loss allocated to their investment in the Funds on or before such date, but final Schedule K-1s may not be available until the Funds have received tax-reporting information from its portfolio companies necessary to prepare final Schedule K-1s. Limited Partners may be required to obtain extensions of the filing dates for their federal, state, and local income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Funds.
- 21) Uncertain Economic and Political Environment.** The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate, and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections. Furthermore, such uncertainty may have an adverse effect upon the portfolio companies in which the Funds make investments.

## **Conflicts of Interest**

The Principals currently manage and are permitted in the future to manage other investment funds and investments similar to those in which the Funds will be investing, and may direct certain relevant investment opportunities to those investment funds and investments. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments. The significant investment of the Principals in the Funds, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Partners, although the Principals have economic interests in such other investment funds and investments as well and receive management fees and/or carried interests relating to such interests. Such other investment funds and investments that the Principals may control or otherwise be involved with may compete with the Funds or companies acquired by the Funds. Following the Commitment Period, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to the Funds' investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for the Funds, but also for other Private Investment Funds and other investment vehicles operated by advisory affiliates of the Managers. In determining which investment vehicles should participate in such investment opportunities, the Managers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Managers attempt to resolve such conflicts of interest in light of their obligations to investors in

their Private Investment Funds and the obligations owed by the Manager' advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds, other Private Investment Funds and such investment vehicles in a fair and equitable manner. Where necessary, the Managers consult with and receive consent to conflicts from an advisory committee consisting of Limited Partners of the Funds and such other investment vehicles.

Because the General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for the General Partner to cause the Funds to make riskier or more speculative investments than would otherwise be the case. Since the General Partner is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving transactions.

In addition, as described above, the General Partner may be reimbursed for the compensation paid to certain Performance Group Members who may also be employees of the General Partner and such compensation does not offset the Management Fee as described herein. Certain Performance Group Members, as employees of the General Partner, make use of the Managers' resources. Although the use of Performance Group Members and the allocation of compensation paid to them by the General Partner, may subject the General Partner to potential conflicts of interest, the Managers believe that such potential conflicts may be reduced if, among other things, the quality of the services of the Performance Group Member makes a greater contribution to the success of the portfolio company. Although the Managers seek to retain Performance Group Members with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention. The Managers also seek to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Managers believe will align such persons' interests with those of the Funds' limited partners.

#### **DISCIPLINARY INFORMATION**

The General Partner 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**

The following affiliated investment advisers also provide investment advice to the Funds:

*West Rim Capital Advisors, LLC* ("**Ultimate GP**")

The Ultimate GP is the general partner of the General Partner and West Rim Advisors. Some of the members of the Ultimate GP are also limited partners and/or members of the General Partner, West Rim Advisors and the other entities making up the Firm. Some of the Principals, officers, employees and/or consultants of the Ultimate GP serve the General Partner, West Rim Advisors and the other entities making up the Firm in similar capacities. The Ultimate GP is registered with the SEC under the Advisers Act pursuant to the General Partner's registration in accordance with SEC guidance.

*West Rim Capital Advisors, L.P. (“West Rim Advisors”)*

West Rim Advisors is the management company that primarily provides the day-to-day investment advisory services to the Funds and other Private Investment Funds. Some of the Principals, officers, employees and/or consultants of West Rim Advisors serve the General Partner, the Ultimate GP and other entities making up the Firm in similar capacities. West Rim Advisors is registered with the SEC under the Advisers Act pursuant to the General Partner’s registration in accordance with SEC guidance.

*Fund I Managers*

The below described affiliated advisers provide advice to Sorenson Capital Partners, L.P. and its related funds (“**Fund I**”), the first Private Investment Fund managed by the Firm. West Rim Capital I, LLC (“**West Rim**”), West Rim Capital SCP Management, L.P. (“**WRCM**”) and Sorenson Partners, LLC (“**Sorenson**,” and collectively with West Rim and WRCM the “**Fund I Managers**”) collectively manage Fund I. Sorenson is the General Partner of Fund I and has delegated the day-to-day investment advisory services with respect to Fund I to WRCM. West Rim is the managing member of Sorenson and the general partner of WRCM. The Fund I Managers are registered with the SEC under the Advisers Act. Some (and not all) of the principals, owners, officers, employees, and/or consultants of the Fund I Managers serve the General Partner, West Rim Advisors and the Ultimate GP in similar capacities as they serve the Fund I Managers. As is typical in private equity fund structures, each time a new Private Investment Funds are formed new management entities are formed to manage and advise such fund. Certain principals, owners, officers and/or employees of the **Fund I Managers** are no longer with the Managers and have joined HGGC as more fully described in the Funds’ Private Placement Memoranda.

*Huntsman Gay Global Capital (“HGGC”)*

HGGC is a private equity fund sponsor focused on middle market leveraged buyouts and strategic investments in mid-cap companies. Pursuant to the terms of the Partnership Agreements, Ron Mika is permitted to dedicate up to 50% of his time to HGGC matters. However, Ron Mika currently serves in a limited advisory role at HGGC and only commits a nominal portion of his time to HGGC matters and is not involved in the day to day management of HGGC. Other than Ron Mika’s limited advisory role, HGGC operates separately and independently from the Firm. Certain principals, owners, officers and/or employees of HGGC may be permitted to invest in the Funds or alongside the Funds without the payment of management fees or carried interest. Similarly, Ron Mika and certain other principals, owners, officers and/or employees of the Firm may be permitted to invest in any private fund sponsored by HGGC without the payment of management fees or carried interest. HGGC is based in Utah, Florida and California and is registered as an investment adviser with the SEC.

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

A Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”) sets forth standards of conduct that are expected of the Managers’ employees and addresses conflicts that

arise from personal trading by employees. The Code requires certain of the Managers' employees to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to Brian Dunn at (801) 407-8405. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that assures that the interests of the clients take precedence.

The Managers and their affiliated 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 Managers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Managers. Accordingly, should the Managers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Managers would be prohibited from communicating such information to clients, and the Managers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Managers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Managers and their affiliates may directly or indirectly own an interest in Private Investment Funds including the Funds.

From time to time, investors in Private Investment Funds, affiliates of the Managers, and/or other persons may co-invest side-by-side with Private Investment Funds in portfolio companies. The General Partner and its Partners have agreed to commit approximately \$15 million to invest in or alongside the Funds. Of this amount at least one percent of the aggregate commitments to the Funds will be invested through the General Partner. Where possible and appropriate, the General Partner may, but will be under no obligation to, provide co-investment opportunities to one or more limited partners of the Funds before making such opportunities available to others.

Pursuant to the terms of the Partnership Agreements, the Funds are permitted, but not required, to share co-investment opportunities with HGGC and to invest in co-investment opportunities originated by HGGC. Any allocations between the funds would be made on what the Managers and HGGC believe to be a fair and equitable basis.

The Managers and their 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 Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by the Managers and their affiliates (the “**Reference Funds**”) may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives) in such Reference Funds.

From time to time, the General Partner may borrow funds on behalf of the Funds or the Private Investment Funds. Interest in connection with such borrowing is borne by the Funds (or the relevant Private Investment Fund, as applicable) as a Fund expense, consistent with the Partnership Agreements (or other governing document) and the expense policy described under “Fees and Compensation.” In borrowing on behalf of the Funds or a Private Investment Fund, the General Partner is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Funds or Private Investment Fund, as applicable. The General Partner will effect such borrowings in a manner it believes to be fair and equitable to the Funds or Private Investment Fund, as applicable, and consistent with the General Partner’s obligations to the Funds and the Partnership Agreements (or other governing document).

### **BROKERAGE PRACTICES**

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

If the Managers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Managers. The Managers select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Managers may consider a variety of factors, including: (i) prompt execution of orders, (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size and difficulty of executing the order, (iii) the price and (iv) the capabilities of firms to supply research services.

The Managers have 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 minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts.



Although the Managers generally seek competitive commission rates, they will 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 obtaining best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. Such research services include economic research, market strategy research, industry research, company research, fixed income data services, and portfolio performance analysis. As a general matter, research provided by these brokers may be used to service all of the Managers' clients. However, each and every research service may not be used for the benefit of each and every account managed by the Managers, and brokerage commissions paid by one account may apply towards payment for research services that might not be used in the service of that account. Research services may be shared between the Managers and their affiliates.

There is no agreement or formula for the allocation of brokerage business on the basis of research services. The Managers may, in their discretion, cause the client accounts 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 charges for effecting such transactions. This may be done where the Managers have 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, the Managers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Managers will periodically determine which brokers have provided research that has been helpful in the management of client accounts. To the extent consistent with the Managers' goal to obtain best execution for their clients, the Managers seek to place a portion of the trades that they direct with the brokers who are identified through this process. The Managers are able to furnish a continuous investment program to their clients by using information provided by broker-dealers as well as other research. The Managers consider access to such information to be an important element of investment decision making.

Orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for client accounts are completed independently, the Managers may also purchase or sell the same securities or instruments for a number of accounts simultaneously. From time to time, the Managers may, but are 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. Batched transactions are executed in a manner intended to ensure that no participating client of the Managers are favored over any other client. When an aggregated order is filled in its entirety, each participating client account generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each client account participating in such buy or sell order in accordance with the amount of securities originally requested for such account.

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

## **REVIEW OF ACCOUNTS**

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Managers closely monitor companies in which the Private Investment Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

The Funds will provide 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**

The Managers and/or their affiliates may provide various management and financial analysis services to companies in the Funds' portfolio and may receive compensation from these companies in connection with such services. This compensation may, in many cases, offset a portion of the Management Fees paid by the Funds and, in certain cases such as directors' fees, may be offset against Management Fees up to one hundred percent of the amount received and as further described in the Funds' Partnership Agreements. However, in other cases (e.g., provision of certain corporate services to a portfolio company), these fees would be in addition to Management Fees, subject to limitations in the Partnership Agreements. See "Fees and Compensation."

From time to time, the Managers may enter into solicitation arrangements pursuant to which the Managers compensate persons, including third-party solicitors or Principals and employees of the Managers, for client referrals that result in the provision of investment advisory services by the Managers. In some cases, with respect to investors that are referred by a solicitor, the Funds may pay a placement or solicitation fee to a third party, however, such fee will be offset dollar for dollar against the Funds' Management Fee and therefore, the fee will effectively be borne by the Managers.

## **CUSTODY**

As required by the Advisers Act, the Managers have established an account with qualified custodians to hold funds and securities on behalf of the Funds in custody as follows: Credit Suisse, 11 Madison Avenue 3rd Floor, New York, NY 10010; Credit Suisse, 1 Federal Street, 36<sup>th</sup> Floor, Boston, MA 02110 and Silicon Valley Bank, 3003 Tasman Dr., Santa Clara, CA 95054.

## **INVESTMENT DISCRETION**

The Managers have discretionary authority to manage investments on behalf of the Funds. As a general policy, the Managers do not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreements, however, the Managers may enter into “side letter” arrangements with certain Limited Partners whereby the terms applicable to such Limited Partner’s investment in the Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Managers assume this discretionary authority pursuant to the terms of the Partnership Agreements and powers of attorney executed by the Limited Partners of the Funds.

## **VOTING CLIENT SECURITIES**

In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures (“**Policy**”) to address how any Manager will vote proxies, as applicable, for the Funds’ portfolio investments. The Policy seeks to ensure that the applicable Manager votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds’ investors through the Managers’ principals beneficial ownership interests in the Funds. In the event, however, there is or may be a conflict of interest between the applicable Manager and the Funds in voting proxies, the Manager may address the conflict using several alternatives, including by seeking the approval or concurrence of the Advisory Board on the proposed proxy vote or through other alternatives set forth in the Policy. The Managers do not consider service on portfolio company boards by Manager personnel or the Managers’ 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 Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. If you would like a copy of the Managers’ complete Policy or information regarding how the Managers voted proxies for particular portfolio companies, please contact Brian Dunn at (801) 407-8405 and it will be provided to you at no charge.

## **FINANCIAL INFORMATION**

The Managers do 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.

## **SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF THE MANAGERS**

The following Principals determine general investment advice to be given to clients and supervise the Managers’ other investment professionals and employees. These individuals may hold other positions with affiliates of the registered investment advisory firm and in certain cases, non-affiliates. Accordingly, certain Principals will not devote all business time solely to the registered investment advisory firm. References to the “Firm,” in addition to including the Managers shall also include, as applicable, SCP Fund I’s general partner, its managing member and SCP Fund I’s management company.

## **Ron Mika**

### *Educational Background and Business Experience*

Mr. Mika serves as a Managing Director of the Managers. Prior to the formation of the Firm in 2002, Mr. Mika was a Managing Director at Bain Capital since 1996. His areas of investment emphasis included: manufacturing, automotive supply, chemicals, consumer products, distribution, scientific equipment, retail, and packaging in small and middle-market sized businesses. Mr. Mika also serves in a limited capacity as an Executive Director at a private equity fund sponsored by Huntsman Gay Global Capital (the “**HGGC Fund**”). Mr. Mika received a Masters of Business Administration degree with honors from Harvard Business School in 1989 and a B.S. in Chemical Engineering, magna cum laude, from Brigham Young University in 1985. He was born on December 20, 1960.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Mika.

### *Other Business Activities*

Mr. Mika is not engaged in any investment-related business outside of his roles with the Managers and their affiliated investment advisers.

### *Additional Compensation*

Mr. Mika does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Mika is part of a team that is responsible for implementing and overseeing the investment strategy of the Managers. While Mr. Mika is not directly supervised by any one individual, the Managing Directors are responsible for guiding the overall activities of the Managers, including the supervision of investment professionals such as Mr. Mika. The Managing Directors are Fraser Bullock, Tim Layton, Mark Ludwig, Ron Mika and Luke Sorenson, all of whom can be reached at (801) 407-8400.

## **Fraser Bullock**

### *Educational Background and Business Experience*

Mr. Bullock serves as a Managing Director of the Managers. Prior to formation of the Firm in 2002, Mr. Bullock was the President and CEO of the Salt Lake Organizing Committee for the Olympic Winter Games of 2002. He joined the Organizing Committee in May of 1999 and acted as its Chief Operating Officer until his appointment as President and CEO in April 2002. His continuing obligations terminated in 2003. Prior to the Organizing Committee, Mr. Bullock founded Alpine Consolidated, LLC in 1996, a company specializing in effecting business consolidations, and served as a Managing Director until 2002. Mr. Bullock received a

Master of Business Administration in 1980 and a B.A. in Economics in 1978 from Brigham Young University. He was born on April 6, 1955.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Bullock.

*Other Business Activities*

Mr. Bullock is not engaged in any investment-related business outside of his roles with the Managers and their affiliated investment advisers.

*Additional Compensation*

Mr. Bullock does not receive any additional compensation that is required to be disclosed.

*Supervision*

Mr. Bullock is part of a team that is responsible for implementing and overseeing the investment strategy of the Managers. While Mr. Bullock is not directly supervised by any one individual, the Managing Directors are responsible for guiding the overall activities of the Managers, including the supervision of investment professionals such as Mr. Bullock. The Managing Directors are Fraser Bullock, Tim Layton, Mark Ludwig, Ron Mika and Luke Sorenson, all of whom can be reached at (801) 407-8400.

**Tim Layton**

*Educational Background and Business Experience*

Mr. Layton serves as a Managing Director of the Managers. Prior to formation of the Firm in 2002, Mr. Layton was a Managing Director of Alpine Consolidated, LLC, a firm specializing in effecting industry consolidations, from 1998 to 2002. Mr. Layton graduated first in his MBA program class at Brigham Young University in 1980 and also graduated magna cum laude with a B.S. in Statistics and a Minor in Economics from Brigham Young University in 1978. He was born on July 5, 1954.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Layton.

*Other Business Activities*

Mr. Layton is not engaged in any investment-related business outside of his roles with the Managers and their affiliated investment advisers.

*Additional Compensation*

Mr. Layton does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Layton is part of a team that is responsible for implementing and overseeing the investment strategy of the Managers. While Mr. Layton is not directly supervised by any one individual, the Managing Directors are responsible for guiding the overall activities of the Managers, including the supervision of investment professionals such as Mr. Layton. The Managing Directors are Fraser Bullock, Tim Layton, Mark Ludwig, Ron Mika and Luke Sorenson, all of whom can be reached at (801) 407-8400.

### **Luke Sorenson**

#### *Educational Background and Business Experience*

Mr. Sorenson serves as Managing Director of the Managers. Prior to formation of the Firm in 2002, Mr. Sorenson served as the Director of Business Development at Sorenson Media, a Salt Lake City-based provider of video compression and services from 2000 to 2002. Mr. Sorenson received a Master of Business Administration degree from the Wharton School of Business at the University of Pennsylvania and a B.S. in Accounting from Brigham Young University. He was born on December 12, 1974.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Sorenson.

#### *Other Business Activities*

Mr. Sorenson is not engaged in any investment-related business outside of his roles with the Managers and their affiliated investment advisers.

#### *Additional Compensation*

Mr. Sorenson does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Sorenson is part of a team that is responsible for implementing and overseeing the investment strategy of the Managers. While Mr. Sorenson is not directly supervised by any one individual, the Managing Directors are responsible for guiding the overall activities of the Managers, including the supervision of investment professionals such as Mr. Sorenson. The Managing Directors are Fraser Bullock, Tim Layton, Mark Ludwig, Ron Mika and Luke Sorenson, all of whom can be reached at (801) 407-8400.

## **Mark Ludwig**

### *Educational Background and Business Experience*

Mr. Ludwig serves as a Managing Director of the Managers. Prior to joining Sorenson Capital in 2003, Mr. Ludwig was an Associate Consultant with Bain & Company. Mr. Ludwig received a Masters of Business Administration with Honors from the Wharton School of Business at the University of Pennsylvania, as well as a B.S. in Economics and a B.A. in Russian from Brigham Young University, graduating summa cum laude. He was born on January 19, 1977.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Ludwig.

### *Other Business Activities*

Mr. Ludwig is not engaged in any investment-related business outside of his roles with the Managers and their affiliated investment advisers.

### *Additional Compensation*

Mr. Ludwig does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Ludwig is part of a team that is responsible for implementing and overseeing the investment strategy of the Managers. While Mr. Ludwig is not directly supervised by any one individual, the Managing Directors are responsible for guiding the overall activities of the Managers, including the supervision of investment professionals such as Mr. Ludwig. The Managing Directors are Fraser Bullock, Tim Layton, Mark Ludwig, Ron Mika and Luke Sorenson, all of whom can be reached at (801) 407-8400.