



FORM ADV: PART 2A

Updated: March 2018

This brochure provides information about the qualifications and business practices of Aquiline Holdings LLC ("Aquiline Holdings," and, together with its affiliates, "Aquiline" or the "Firm"). If you have any questions about the contents of this brochure, please contact Ezra Berger, Chief Compliance Officer, at 212-624-9500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Aquiline is also available on the SEC's website at: www.adviserinfo.sec.gov.

Material Changes

Aquiline does not believe that there have been any material changes to the content of this brochure as published in its last annual amendment issued in March 2017 however, additional information has been added to the following sections:

- Advisory Business;
- Fees and Compensation for Services Provided to the Funds;
- Methods of Analysis, Investment Strategies, and Risk of Loss
- Other Financial Industry Activities and Affiliations; and
- Participation or Interest in Client Transactions, Code of Ethics, and Personal Trading

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Advisory Business

Aquiline Holdings, a Delaware limited liability company, and its affiliates provide investment advisory services to several collective investment vehicles (each, a “Fund” and, collectively, the “Funds”) organized to invest: (i) in the global financial services sector (Aquiline Financial Services Fund L.P. and Aquiline Financial Services Fund (Offshore) L.P. (together, “Fund I”); Aquiline Financial Services Fund II L.P. (“Fund II”); and Aquiline Financial Services Fund III L.P. (“Fund III” and together with Fund I and Fund II, the “Financial Services Funds”)); (ii) in the real estate sector (Aquiline Real Estate Fund L.P.); and (iii) in the early-stage growth financial technology sector (Aquiline Financial Technology Growth Fund L.P. (“ATG”)). In providing services to each Fund, Aquiline formulates such Fund’s investment objectives, directs and manages the investment and reinvestment of each Fund’s assets, and provides reports to investors. Aquiline also manages investment vehicles that facilitate co-investment in one or more portfolio companies of the Funds. Investment advice is provided directly to each Fund and not individually to the investors of each Fund. Aquiline manages the assets of each Fund and co-investment vehicle in accordance with the terms of the governing documents applicable to each Fund or other partnership agreement.

Limited partnership interests in the Funds and the co-investment vehicles are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds and the co-investment vehicles are not registered under the Investment Company Act of 1940, as amended (the “1940 Act”). Accordingly,

interests in the Funds and the co-investment vehicles are offered and sold exclusively to investors satisfying the applicable eligibility requirements, either in private transactions within the United States or in offshore transactions.

Aquiline Holdings was founded in 2005 and is principally owned and controlled by Jeffrey W. Greenberg, Chairman. As of December 2017 (but including \$100,000,000 of capital commitments accepted in February 2018) Aquiline Holdings managed approximately \$3.6 billion on a discretionary basis. Aquiline Holdings does not manage any assets on a non-discretionary basis.

Fees and Compensation for Services Provided to the Funds

General

Aquiline provides investment advisory services to each of the Funds pursuant to a separate investment advisory agreement (each, an "Advisory Agreement"). The Advisory Agreement of each Fund, along with the governing documents of the Fund, set forth in detail the fee structure relevant to each such Fund. The terms of each Advisory Agreement are generally established at the time of the formation of the applicable Fund. In general, each Advisory Agreement is only terminable once the applicable Fund is dissolved, wound up, and terminated.

Management Fees

As compensation for investment advisory services rendered to the Funds, Aquiline is entitled to receive from each Fund an annual management fee, payable in advance, with timing depending on the Fund. In general, the management fee paid by a Fund may be up to 2.5 percent per annum on capital commitments during the investment period and up to 2 percent per annum on invested capital thereafter. Each Fund's investors have the ability to negotiate the management fee payable by such Fund, but the management fee is fixed at the time of final close of the Fund. The management fee is generally paid by the Fund out of capital contributions called from investors or out of amounts withheld from distributions to investors. The management fee assessed for each Fund is described in further detail in each Fund's offering and governing documents. Generally, investors in co-investment vehicles and employees and affiliates of Aquiline do not pay management fees, and executive advisors of Aquiline ("Executive Advisors") (none of whom are employees of Aquiline) pay reduced or no management fees.

The management fee for a Fund is reduced by the organizational costs in excess of a certain threshold paid by investors in the Funds, as well as by other fees received by Aquiline as described in "Other Fees and Expenses" below.

Aquiline may, in its discretion, cause a Fund to borrow to cover management fees due to Aquiline for those Funds that have a credit facility. The management fee for any management fee period of a Fund is generally prorated for the number of days in such period, and in the case of the last management fee period, Aquiline will refund to each investor the amount of the management fee paid by such investor allocable to that portion of such period, which is subsequent to the date of the final distribution.

Carried Interest

A portion of each Fund's net investment returns is generally allocated to the capital account of its General Partner as "carried interest." The General Partners of the Funds are related persons of Aquiline. The manner of calculation of such carried interest is described in the offering and governing documents of each Fund and may vary Fund by Fund. Generally, however, up to 20 percent of the net investment returns of each Fund is allocated as carried interest to such Fund's General Partner, subject to the Fund investors' preferred return, which ranges from 8 percent to 9 percent per annum, (except in the case of ATG's investors, who are not entitled to receive a preferred return). Generally, investors in co-investment vehicles and employees and affiliates of Aquiline do not pay a carried interest, and Executive Advisors pay

reduced or no carried interest.

Expenses

In addition to management fees and carried interest, investors bear indirectly the expenses charged to the Funds. Those expenses may vary by Fund and typically include, but are not limited to, the following: organizational expenses; fees, costs, and expenses of any administrators, custodians, attorneys, accountants, and other professionals (including audit and certification fees and the costs of printing and distributing reports); expenses incurred in connection with complying with regulatory, compliance, and tax filing obligations of the Funds and Aquiline under U.S. federal, state, local, non-U.S. or other laws (including compliance with anti-corruption and anti-money laundering laws) and regulations directly related to the making, holding, or disposing of portfolio investments by a Fund (whether such compliance obligations are imposed on the manager, such Fund's General Partner, their affiliates or a Fund), including, without limitation, the preparation and filing of (i) Section 16 filings, Schedule 13D filings, Schedule 13G filings and other filings, in each case under the Securities Exchange Act of 1934, as amended; (ii) filings required under the European Union's Alternative Investment Fund Management Directive; (iii) TIC Form SLT filings; (iv) any forms, schedules, filings, information or other documents necessary to avoid the imposition of withholding or other taxes pursuant to FATCA (as defined below) and Report of Foreign Bank and Financial Accounts; (v) CFTC Form 4.13(a)(3) CPO-PQR, CTA PR, NFA Form PQR filings, and CRS reporting as developed by the Organization for Economic Cooperation and Development; (vi) filings under the Hart-Scott-Rodino Antitrust Improvements Act and other antitrust laws and regulations; and (vii) any other forms, schedules, or other filings with governmental and self-regulatory agencies directly related to the making, holding, or disposing of Portfolio Investments by the Partnership; all out-of-pocket fees, costs, and expenses incurred in developing, negotiating, structuring, trading, settling, monitoring, holding, and disposing of actual investments including, without limitation, travel (which may include commercial or private travel); all out-of-pocket costs and expenses, if any, incurred in developing, negotiating, and structuring prospective or potential portfolio investments which are not ultimately made, including (a) any legal, accounting, advisory, consulting or other third-party expenses in connection therewith and any travel and accommodation expenses; (b) any break-up fees; (c) any fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed portfolio investment that is not ultimately made; and (d) any deposits or down-payments of cash or other property which are forfeited in connection with a proposed portfolio investment that is not ultimately made; brokerage commissions; custodial expenses; costs of the annual investor meeting, including the pre-meeting reception for investors; costs incurred in complying with provisions in side letter agreements, including "most favored nations" provisions; other bank service fees, and other investment costs, fees, and expenses; interest thereon and fees and expenses arising out of all Fund indebtedness; the costs of any litigation, directors' and officers' liability or other insurance, and indemnification or extraordinary expenses or liabilities relating to the affairs of the Fund; expenses of liquidating the Fund; and taxes, penalties, fees, or other governmental charges and all expenses incurred in connection with any tax audit, investigation, settlement, or review of the Fund. "FATCA" shall mean Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code"), (including, for the avoidance of doubt, any agreements entered into pursuant to Section 1471(b)(1) of the Code), any current or future Treasury Regulations or other official administrative guidance promulgated thereunder, and any intergovernmental agreements entered into in connection with the implementation thereof.

Other Fees and Expenses

From time to time, Aquiline has charged portfolio companies, co-investors, or the Funds origination fees, consulting fees, monitoring fees, and other similar fees and Aquiline receives directors' fees from certain portfolio companies. Net of any related expenses, a percentage (for Fund I, 80 percent of the directors' fees from current Fund I portfolio companies indirectly borne by the Fund and 80 percent to 100 percent of other fees; 100 percent in Fund II, Fund III, and ATG) of all such fees (other than monitoring fees) that are received by Aquiline will be applied to reduce the management fee otherwise payable by the applicable Fund except with respect to fees related to certain portfolio companies as specifically provided in the Fund I governing documents. In the case of monitoring fees, a percentage (80 percent to 100 percent in Fund I; 100 percent in Fund II, Fund III, and ATG) of the amount of all such fees received by

Aquiline will be applied to reduce the management fee otherwise payable by the applicable Fund.

Each Fund will typically pay expenses related to the operation of the Fund including fees, costs, and expenses directly related to the purchase, holding, and sale of investments; diligence expenses (including related travel expenses); expenses of any consultants (including industry advisors, who may include Executive Advisors who serve as an advisor on a particular transaction or with respect to a particular portfolio company); counsel, and accountants, indemnity, or litigation expenses, custody fees, brokerage fees (if any), underwriting and syndication fees and expenses, financing and bridge financing, as well as any fees, costs and expenses related to unconsummated transactions ("broken deal expenses").

Aquiline has broad discretion in determining which expenses should be categorized as broken deal expenses. In general, expenses incurred in connection with prospective transactions are considered broken deal expenses when Aquiline: (i) has submitted a letter of intent and also reached the stage with a prospective investee company where there is a small group of potential investors, including Aquiline; (ii) has commenced more in-depth due diligence; and (iii) then ceased to pursue the transaction for a number of reasons, including, but not limited to findings during diligence or changed deal terms. Transaction milestones are regularly considered for the purpose of characterizing and allocating expenses appropriately as individual transactions can vary considerably in this regard.

Co-investors will typically bear their pro rata share of fees, costs, and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging, and disposition of their co-investments and may be required to pay their pro rata share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. Although Aquiline endeavors to allocate any broken deal expenses on a fair and equitable basis, there can be no assurance that such fees, costs, and expenses will in all cases be allocated in a manner that benefits all clients equally. In addition, although Aquiline endeavors to cause co-investors to pay or otherwise bear their pro rata share of broken deal expenses, certain co-investors may not agree to pay or otherwise bear such fees, costs, and expenses due to the stage or size of the transaction (and in certain circumstances, co-investors may not bear any broken deal expenses because they have not been identified as of the time such potential investment ceases to be pursued). Further, in circumstances in which Aquiline is aware in advance that a co-investor may not bear broken deal expenses, Aquiline may nonetheless continue to pursue the transaction if it believes that the transaction being pursued and/or the co-investor's participation therein is beneficial to the Fund's investment. In such cases, such broken deal expenses will be considered operating expenses of and be borne by the applicable Fund.

Executive Advisors and other consultants generally receive a monthly retainer, which may be paid by Aquiline, the Funds, and/or one or more portfolio companies, depending on the scope of work performed by the Executive Advisors or the consultants. Executive Advisors and other consultants may also serve on the board of directors of, or may otherwise serve directly as consultants to, one or more Aquiline Fund portfolio companies and may therefore receive directors' fees, consulting fees, and other compensation in connection therewith from Aquiline Fund portfolio companies. In some cases, Executive Advisors or other consultants may first be engaged by Aquiline, but transition to providing some or significant services to or become directors of one or more portfolio companies of the Funds. Accordingly, fees that are borne by the Funds or their portfolio companies in respect of Executive Advisors or consultants for such service or director appointments may increase over time while the fees that are borne by Aquiline in respect of such Executive Advisors or consultant services may decrease over time. Fees paid to the Executive Advisors or consultants with respect to services provided will be based on the value of the services to Aquiline, the Funds or the portfolio companies, as applicable. Any fees paid to an Executive Advisor or a consultant by an Aquiline Fund or Aquiline Fund portfolio company, including directors' fees, consulting fees, other advisory fees, equity interests or compensation, do not offset management fees.

Periodically, Aquiline employees may provide services to underlying portfolio companies. In situations where an Aquiline employee serves a portfolio company and such services involve significant percentages of his/her time, the portfolio company will either directly pay or be charged the allocable portion of the costs

of the employee's salary and benefits, (which will not offset management fees paid by the Funds). Similarly, when an Aquiline employee serves as a bona fide officer of a portfolio company (in a non-director capacity), such employee may receive stock options, equity grants, or other compensation paid by the portfolio company, and such grants and/or compensation will not offset the management fees payable by the Funds. The Funds or underlying portfolio companies reimburse Aquiline for out-of-pocket expenses incurred by Aquiline (including by its employees and Executive Advisors) that relate to the business of the underlying portfolio company and these amounts do not reduce the management fees payable by the Funds.

Moreover, Aquiline and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will not be subject to the management fee offset or otherwise shared with the Funds, their investors, and/or the investments. For example, airline travel or hotel stays incurred as Fund expenses typically may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Aquiline and/or such personnel (and not the Funds, their investors, and/or the investments), even though the cost of the underlying service is borne by the Funds and/or the issuers.

Performance-based Fees and Side-by-side Management

Aquiline receives a carried interest for investment advisory services provided on a discretionary basis to the Funds, which is based on the performance of each Fund's investments.

Aquiline does not manage any client accounts that do not pay performance-based compensation, with the exception of certain co-investment vehicles. To the extent that a co-investment vehicle does pay performance-based compensation, it is paid to the relevant Fund and not Aquiline.

Types of Clients

Aquiline provides investment advisory services to the Funds. Investment advice is provided directly to each Fund, subject to the direction and control of the General Partner of such Fund and not individually to the investors of the Funds. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state, and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds of funds), trusts, estates or charitable organizations, and corporate or business entities.

Details concerning applicable investor suitability criteria are set forth in each Fund's offering documents and subscription materials. Although Aquiline has the authority to accept subscriptions for lesser amounts (and does so, particularly in the case of investors who are employees of or advisors to Aquiline), the stated minimum capital commitment for non-affiliated limited partners in the Funds is typically \$10 million but may vary depending on the type of Fund.

Methods of Analysis, Investment Strategies, and Risk of Loss

Financial Services and Insurance Technology Growth Sectors

Aquiline's investment strategy for the Funds that invest in the financial services sector is generally based on identifying event-driven market dislocations, long-term secular trends, ongoing business cycles, or, in the case of the Financial Services Funds, shareholder pressures that create a catalyst for change in a business segment or company. Aquiline seeks to invest behind strong management teams that are attracted to and interested in working with an experienced partner with operational expertise. Aquiline seeks to drive portfolio company development in the key areas as described below with respect to the

Financial Services Funds and ATG. The implementation of these measures will vary on a company-by-company basis depending, in part, upon the industry, needs, and type of company.

Financial Services Funds

- Operational Support
 - Define or review strategy and help create business plan
 - Develop or review cash flow plan
 - Recruit senior management as appropriate—CEO, CFO, CIO
 - Navigate regulatory approval process
 - Assist with rating agencies
 - Provide interim management, as needed
 - Provide in-house research/analysis as needed
 - Drive compliance and risk management
 - Support acquisition integration
- Strategic Guidance
 - Constitute board
 - Serve as members of the board of directors
 - Recruit independent directors from relevant industry as required
 - Challenge management team views and plans
 - Encourage best practices in corporate governance
 - Set up and chair audit, compensation, and risk committees as needed
 - Design compensation schemes
 - Monitor against key metrics
- Financial Innovation
 - Create appropriate capital structure
 - Drive third-party capital-raising initiatives
 - Access capital markets: IPO, secondary offering
 - Seek value-added co-investors
 - Identify and evaluate add-on acquisition candidates
 - Assist in M&A execution
 - Leverage network and make introductions

ATG

- Strategic Guidance
 - Guide strategy and business plan
 - Make customer and partner introductions
 - Assist in recruiting independent directors from relevant industries
 - Challenge management team views and plans
 - Guide the establishment of best practices in corporate governance
 - Close monitoring against key metrics
- Financial Innovation

- Leverage network and make introductions
- Seek value-added co-investors and manage the relationships
- Drive third-party capital-raising initiatives (if needed)
- Assist with navigation of regulatory approval processes
- Help with financing M&A

Real Estate and Real Estate Operating Assets

During the investment period, the principals of Aquiline emphasized traditional real estate property fundamentals when considering each investment opportunity for its Fund that invested in real estate and real estate operating assets. These fundamentals typically included an analysis of location, supply and demand for real estate assets, income levels, employment and population trends, public infrastructure, and barriers to entry. The Aquiline Real Estate Fund's investment period has ended, and the Fund is currently managing its existing investments.

Aquiline Funds

Acquiring interests in the Funds involves a number of risks. An investment in the Funds is deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Funds. No guarantee or representation is made that a Fund will achieve its investment objective or that investors will receive a return on or of their capital. The description below is a brief overview of different material risks related to a Fund's investment strategy:

General Business and Management Risk: Investments in portfolio companies subject the Funds to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations, and other factors. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. While in all cases Funds will monitor portfolio company management, the management of each portfolio company will have day-to-day responsibility of such portfolio company.

Concentration of Investments: Other than as set forth in a Fund's governing documents, investors have no assurance as to the degree of diversification of the Fund's portfolio investments, either by geographic region or transaction type. To the extent the Fund concentrates portfolio investments in a particular issuer, security, or geographic region, its portfolio investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, concentration in a single sector may involve risks greater than those generally associated with more diversified funds.

Liquidity Issues: The Funds may invest in instruments where there is to be no actively traded market. Moreover, many of the Funds' investments may be held by relatively few other investors. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer or the asset, the Funds may find it more difficult to sell such instruments when Aquiline believes it advisable to do so or may be forced to sell them at prices lower than if the instruments were widely held. Thus, the range of disposal strategies available to the Funds may be further limited. Finally, dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or that would adversely affect the terms obtainable upon a disposition.

Highly Competitive Market for Investment Opportunities: The activity of identifying, completing, and

realizing attractive investments is highly competitive. The Funds face competition from numerous market participants. The Funds will be competing for investments with a variety of other investment vehicles as well as individuals, financial institutions, and other institutional investors. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. There can be no assurance that the Funds will be able to locate and complete investments that satisfy their investment objectives or that they will be able to fully invest their available capital.

Valuation of Assets: Most of the securities owned by the Funds are not publicly traded. All securities are valued by Aquiline pursuant to FASB ASC 820 (Fair Value Measurements and Disclosures). When estimating fair value, Aquiline will apply a methodology based on its best judgment that is appropriate in light of the nature, facts, and circumstances of the investments. Valuations are subject to multiple levels of review for approval, and ensuring that portfolio investments are fairly valued is an important focus of Aquiline.

Financial Services Sector Risk Factors: Financial services companies, including banks, asset managers, insurance and reinsurance carriers and insurance intermediaries, have asset and liability structures that are essentially monetary in nature and are directly affected by many factors including domestic and international economic and political conditions, broad trends in business and finance, legislation and regulation affecting the national and international business and financial communities, monetary and fiscal policies, interest rates, inflation, currency values, market conditions, the availability and cost of short-term or long-term funding and capital, the credit capacity or perceived creditworthiness of customers and counterparties, and the level and volatility of trading markets. Such factors can impact customers and counterparties of financial services companies and may impact the value of financial instruments held by financial services companies. Fluctuations in interest rates, which affect the value of assets and the cost of funding liabilities, are not predictable or controllable, may vary from country to country, and may impact economic activity in various regions.

The profitability of the financial services industry may be adversely affected by a worsening of general economic conditions in domestic and international markets and by monetary, fiscal, or other policies that are adopted by various governmental authorities and international bodies. Monetary policies have had, and will continue to have, significant effects on the operations and results of some financial services companies. There can be no assurance that a particular financial services company will not experience a material adverse effect on its profitability in a changing interest rate environment. Factors such as the liquidity of the global financial markets, the level and volatility of prices of financial instruments, investor sentiment, and the availability and cost of credit may significantly affect the activity levels of customers with respect to size, number, and timing of transactions. A change in any or all of these factors would likely lead to a decline in the volume of transactions that financial services companies execute for their customers and, thus, lead to a decline in revenues from fees, commissions, and spreads.

The financial services industry is extremely competitive, and it is expected that competitive conditions in the industry will continue. Merger activity in the financial services industry has resulted in, and may continue to result in, larger institutions with greater financial and other resources that are capable of offering a wider array of financial products and services. The financial services industry has become considerably more concentrated as numerous financial institutions have been acquired by or merged into other institutions. Technological advances and the growth of e-commerce have made it possible for non-financial institutions to offer products and services that have been traditionally offered by financial services institutions. It is expected that cross-industry competition will continue to intensify.

The financial services industry is highly dependent on communications and information systems and is exposed to many types of operational risks including the risk of fraud by employees or other parties, record keeping errors, errors resulting from faulty computer or telecommunications systems, computer failures, damage to computer and telecommunications systems caused by internal or external events, risks relating to privacy and investor information protections, and risks relating to cybersecurity, generally.

Financial services companies operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination, and enforcement by regulatory authorities. Failure to comply with any of these laws, rules, or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences including civil penalties, fines, suspension or expulsion, and termination of deposit insurance, which may have material adverse effects. Financial services companies may be subject to qualitative judgments by the regulators about interest rate risk, concentration of credit risk, lack of adequate risk management and other internal controls and other factors. Changes in laws, rules, regulations or regulatory interpretations governing financial services companies could adversely affect portfolio companies and thereby the Fund and returns to investors. The subsequent adoption of a law or regulation or a change of a law or regulation or of the interpretation thereof by a court or governmental authority could require the Fund to divest some or all of its investments under unfavorable market conditions. In order to comply with banking laws, rules, and regulations, a Fund may be required to make future investments in a manner that may not be as advantageous as the manner of making investments that are not subject to such laws, rules, and regulations.

Early-Stage Growth Company Risks: Investments in early-stage growth companies are subject to a variety of risks, including that such companies may (i) have a relatively short operating history, (ii) have a volatile financial history, (iii) offer services or products that are not yet ready to be marketed, (iv) be operating at a loss or have significant fluctuations in operating results, (v) be engaged in rapidly changing business environments, or (vi) need substantial additional capital to set up internal infrastructure, hire management and personnel, support expansion, or achieve or maintain a competitive position. Such companies may have a greater variability of returns and a higher risk of failure than more established companies. Such companies also may face intense competition, including competition from companies with greater financial resources; more extensive development, manufacturing, marketing and service capabilities; and a larger number of qualified managerial and technical personnel. To the extent there is any public market for securities of such companies, such securities may be subject to more abrupt and erratic market price movements than the securities of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies may also have shorter operating histories by which to judge future performance and in many cases, if operating, will have negative cash flow. Investments in such companies should be considered highly speculative and may result in a loss of the entire investment therein. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices, risking a partial or total loss of capital invested in such a company in the event of fraud. The foregoing factors may also increase the difficulty of valuing investments in early-stage growth companies.

Real Estate and Real Estate Operating Assets Risks: Investments in real estate are subject to various risks including adverse changes in regional, national, or international economic conditions; adverse local market conditions (such as an oversupply of space or a reduction in demand for space); negative developments in the economy that depress travel activity; competition based on rental rates; the financial condition of tenants, buyers, and sellers of properties; changes in availability of debt financing; changes in interest, real estate tax rates, and other operating expenses; environmental laws and regulations; zoning laws and other governmental rules and fiscal policies; environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established; energy prices; changes in the relative popularity of property types and locations; contingent liabilities on disposition of assets; risks due to dependence on cash flow and risks and operating problems arising out of the presence of certain construction materials as well as acts of G-d; and uninsurable losses and other factors that are beyond the control of Aquiline.

The foregoing is not intended to serve as an exhaustive list or a comprehensive description of all risks that may arise in connection with the management and operation of a Fund. Investors should review the applicable Fund's confidential information memorandum and governing documents to understand the risks and potential conflicts of interest.

Allocation of Investment Opportunities

If Aquiline is presented with an investment opportunity that falls within the investment objectives and criteria of more than one of its Funds, Aquiline will allocate such opportunity (including any related co-investment opportunity) among the Funds on a basis that Aquiline reasonably determines in good faith to be fair and reasonable taking into account the size and state of the investment, the relative amounts of capital available for investment, and other considerations deemed relevant by Aquiline in good faith in accordance with the underlying Funds' agreements. Aquiline will notify the relevant Fund's Advisory Committee of such allocation and the basis therefor.

Co-Investment Opportunities

From time to time, Aquiline provides certain investors with the opportunity to participate in a transaction in conjunction with a Fund ("co-investment opportunities"). Co-investment opportunities may, and typically will, be offered to some but not other or all investors, and certain persons other than investors (e.g., third parties) may be offered co-investment opportunities. All decisions regarding whether, to whom, and in what amounts to offer co-investment opportunities are made in the sole discretion of Aquiline and the General Partners.

In determining whether and in what amounts to offer co-investment opportunities for a proposed transaction, Aquiline and the General Partners may consider a wide range of factors, including, but not limited to:

- the absolute size of the transaction relative to the absolute size of the Fund;
- the remaining available capital in the Fund;
- the level of risk associated with the transaction in relation to the size of the equity commitment and the composition of the Fund's portfolio;
- whether there may be an ability or obligation for the Fund to put in additional capital at a later stage, which may reduce the amount of capital that the Fund can invest up-front in a particular transaction;
- whether regulatory, legal or other risks may result in a desire to own less than a certain percentage of the overall equity offered in the transaction; and/or
- whether there is a limited partner or third party that Aquiline has determined provides strategic value to the transaction that justifies the Fund investing appropriate lesser amounts in order to enhance the return profile of the investment for the benefit of the Fund.

Following a determination in good faith that offering a co-investment opportunity is warranted under the circumstances, Aquiline and the General Partners may then, in their sole discretion, consider a wide range of factors in identifying the investor(s) to whom the co-investment opportunity will be extended. These factors may include, but are not limited to:

- the ability of the potential co-investor to participate in a timely and confidential manner and its potential to provide additional capital including at other levels of capital structure;
- Allocation of the opportunity will help establish or develop a relationship that may be beneficial to current or future funds; and/or
- the potential co-investor's knowledge, relationships, and/or reputation (such as certain insurance industry limited partners), which could be beneficial to evaluate or complete the transaction.

Aquiline has entered into side letters or other similar agreements that include special rights with respect to co-investment (including guaranteeing an investor an opportunity to participate in all co-investment opportunities and/or the right to allocations of co-investment opportunities in excess of an investor's pro

rata share based on capital commitments or other priority allocations of co-investment opportunities in the Fund in which such investor is a limited partner).

Disciplinary Information

Aquiline and its employees have not been involved in any legal or disciplinary matter that would be material to a client's evaluation of the firm's advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

Aquiline provides investment advisory services through the following affiliates (each, a "Related Adviser"): Aquiline Capital Partners LLC, Aquiline Real Estate Partners LLC, Aquiline Capital Partners GP LLC, Aquiline Real Estate Partners GP LLC, Aquiline Capital Partners GP (Offshore) Ltd., Aquiline Capital Partners II GP (Offshore) Ltd., Aquiline Capital Partners III GP (Offshore) Ltd., Aquiline Co-Invest GP Ltd., Aquiline Capital Partners II GP (AIV) L.L.C., Aquiline Co-Invest III GP Ltd., Aquiline Capital Partners III GP (AIV) L.L.C., and Aquiline Technology Growth GP Ltd. All of the Related Advisers' investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of a Related Adviser are subject to the supervision and control of Aquiline.

Several portfolio companies of the Funds that are related persons of Aquiline (or their affiliates) are registered broker/dealers ("Portfolio Company B/Ds"), and additional portfolio companies (or their affiliates) may apply for registration as a broker/dealer. Aquiline has in the past directed and may again in the future direct the Funds' brokerage transactions through the Portfolio Company B/Ds; however, in doing so, Aquiline is subject to its obligation to seek to obtain best execution on the Funds' transactions under prevailing market conditions. Additionally, various Aquiline personnel will generally review the appropriateness of such transactions and document the rationale for Aquiline's use of the Portfolio Company B/Ds. Aquiline does not foresee that its use of the Portfolio Company B/Ds gives rise to any material conflicts of interests since the Portfolio Company B/Ds are Fund portfolio companies. Therefore, any benefits that would accrue from the use of the Portfolio Company B/Ds would accrue to the Funds. As described in the "Client Referrals and Other Compensation" section below, Aquiline has in certain instances and may again in the future elected to utilize Portfolio Company B/Ds as placement agents for certain of its Funds. Also, one former Portfolio Company B/D is owned by an investor in another Aquiline Fund and a member of Aquiline serves on its board of directors.

From time to time, a portfolio company will seek to raise debt on the best possible terms available at that time. Given Aquiline's financial services network, Aquiline may assist a portfolio company in identifying potential debt providers, which have included and may in the future include limited partners of Funds managed by Aquiline. Regardless of whether a potential lender is an Investor or otherwise connected to the Aquiline network, Aquiline will only recommend that a Portfolio Company obtain financing from a lender based on the Portfolio Company's assessment of the financial terms offered and not based on any other factors, including the lender's affiliation with Aquiline or the Funds.

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

Participation or Interest in Client Transactions

Aquiline and/or a related person serve as the General Partner, investment manager, and/or investment adviser to the Funds. The General Partner of each Fund together with its employees have a material investment in the Funds, and as discussed in “Fees and Compensation” above, Aquiline receives a carried interest with respect to the Funds. Therefore, Aquiline may be considered to participate indirectly in transactions effected for those clients. The existence of Aquiline’s carried interest may create an incentive for Aquiline to make riskier or more speculative investments on behalf of a Fund than it would otherwise make in the absence of such performance-based arrangements, although the Aquiline team’s commitment of capital to the Funds should somewhat reduce this potential conflict of interest by alignment of interest.

Section 206(3) of the Advisers Act places restrictions on Aquiline’s ability, acting for its own account (or the account of an affiliate), to buy a security from or sell a security to a client’s account. Such transaction is known as a “principal transaction.” Section 206(3) of the Advisers Act requires an investment adviser to provide written disclosure to a client and obtain the client’s consent prior to settlement of any “principal transactions.” Aquiline will comply with the Advisers Act (and any more restrictive limitations included in a Fund’s governing documents) when engaging in principal transactions with a Fund, to the extent that any occur.

In the event that a Fund formed to facilitate the participation of co-investors in a portfolio investment being made by another Aquiline Fund has not held a closing at the time of the consummation of the portfolio investment, the Aquiline Fund that initially made the investment may transfer a portion of its interest in the portfolio company to the co-investment vehicle following the consummation of the investment. Because this transaction would be between two clients of Aquiline, it could potentially be viewed as a conflict of interest. However, the possibility of this type of transaction would be disclosed in the applicable Fund’s offering documents, and a mechanic to address the potential conflict of interest would be included in the applicable Fund’s governing documents. For example, the Fund’s governing documents may provide that a portion of the Fund’s interest in a portfolio company may be transferred to a co-investment vehicle within a specified period of time and in consideration for payment at a specified interest rate.

Because the Funds invest in portfolio companies in the financial services sector, it is possible that an Aquiline Fund (or one of its portfolio companies) may engage in transactions with a portfolio company of another Aquiline Fund, which could be considered to give rise to potential conflicts of interest. However, Aquiline and its affiliates will not engage in any such transaction unless the terms of the transaction are on an arm’s-length basis and on terms which are no less favorable to the Fund or the portfolio company than would be obtained in a transaction with an unaffiliated party. Aquiline will not participate in the proposal, negotiation or setting of any contractual terms governing a business arrangement between Portfolio Companies, other than in the case of extraordinary events, such as mergers or acquisitions involving two or more Portfolio Companies, where Aquiline’s participation is appropriate or required.

From time to time, certain Aquiline Fund portfolio companies that are asset management companies themselves offer investment opportunities to accredited investors, and in such instances certain employees of Aquiline or any of its affiliates may invest in such opportunities on the same market terms as available to other similarly situated accredited investors. An Aquiline Fund may also participate in such investment opportunities on the same or different terms.

Code of Ethics and Personal Trading

Aquiline has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “Rule”).

The Rule requires Aquiline to adopt a code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all of Aquiline's employees. Aquiline's Code contains policies and procedures that ensure that all personal securities trading by Aquiline's employees is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. Aquiline prohibits personal trading on certain securities or instruments; requires pre-clearance before purchasing investments in financial services firms, IPOs, private placements, and private investment funds (including those managed by firms in which the Funds may be invested); requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

A copy of Aquiline's Code is provided to any client or prospective client upon request.

Portfolio Company Investors in the Funds; Former Portfolio Companies

One or more Fund I portfolio companies are investors, directly or indirectly in Fund II, Fund III and/or ATG. Such investors' votes are taken into account in determining the vote of the majority (or other specified percentage) in interest of the combined investors in the Fund. However, it should be noted that any Executive Advisor and/or employee of the General Partner and/or Aquiline who were serving on the board of directors of any such portfolio companies at the time such investment decision was made by any such portfolio company, have and will continue to recuse himself from any discussions and/or votes pertaining to such investment in Fund II, Fund III, ATG or any subsequent Fund.

Employees of Aquiline serve, and in some instances are expected to continue to serve, on the board of directors of one or more former portfolio companies of the Funds, in each case to the extent permitted under the governing documents of the applicable Funds.

Brokerage Practices

In the event that Aquiline chooses to use a broker/dealer for limited purposes, Aquiline seeks to obtain the best execution, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity, and stability of the broker/dealer; and (iv) the competitiveness of commission rates in comparison with other broker/dealers satisfying Aquiline's other selection criteria. These criteria apply when Aquiline elects to transact through both Portfolio Company B/Ds (as described in greater detail above) as well as unaffiliated broker/dealers that also happen to be affiliates of investors (or investors) in one or more of the Funds.

Review of Accounts

The Funds' portfolio companies are reviewed on a continuous basis by Aquiline's investment professionals. Particular attention is given to changes in company fundamentals, company management, industry outlook, market outlook, and price levels.

The Funds to which Aquiline provides discretionary investment advice generally furnish each investor with written annual reports that include audited financial statements prepared in accordance with Generally Accepted Accounting Principles and written quarterly reports that include unaudited financial statements.

Client Referrals and Other Compensation

Aquiline has caused and may in the future cause a Fund to pay placement fees to third parties for referring prospective investors to it. Any placement fees paid to third parties are then offset against the management fee with respect to such Fund. Aquiline has utilized and may utilize in the future Portfolio Company B/Ds and former Portfolio Company B/Ds to serve among its placement agents. One former Portfolio Company B/D is owned by an investor in another Aquiline Fund, and a member of Aquiline serves on its board of directors.

Custody

Aquiline is deemed to have “custody” of the Funds’ assets (within the meaning of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”)) because Aquiline or an affiliate serves as the General Partner of each Fund. Fund assets are held in custody by unaffiliated broker/dealers or banks as required by and in accordance with the Custody Rule and associated guidance issued by the Staff of the SEC. Investors will not receive statements from the custodians. Instead, the Funds are subject to an annual audit, and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with Generally Accepted Accounting Principles and distributed within 120 days of the applicable Fund’s fiscal year end.

Investment Discretion

Pursuant to the Advisory Agreement of each Fund and subject to the control of the General Partner of each such Fund, Aquiline performs the day-to-day investment operations of each Fund in accordance with the terms and conditions of the Advisory Agreement and governing documents of each such Fund.

Voting Client Securities

Aquiline has authority for voting proxies on behalf of the Funds relating to the portfolio companies in which they invest. Aquiline’s policy on proxy voting with respect to client accounts is to vote proxies consistent with its fiduciary duty to clients. Where Aquiline exercises voting authority over the proxy voting activities of a Fund, Aquiline shall vote client proxies in a way that it believes will maximize shareholder value, which may include a decision not to vote. Consideration will be given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote. If a material conflict of interest between Aquiline and its clients with respect to voting proxies is deemed to exist, the Proxy Voting Committee will convene to determine how to vote the proxy in the best interests of the applicable clients. Depending on the nature of the material conflict of interest, the Proxy Voting Committee may consult with, or refer the vote to, the Fund’s Advisory Committee.

Investors may request a copy of the policy and the voting records relating to proxies by contacting Aquiline.

Financial Information

Aquiline has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.