

INVESTMENT ADVISER BROCHURE
VESTAR/COLORADO IMPACT, LLC

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March 2015

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Vestar/Colorado Impact, LLC (the “Management Company” or “VCI”). If you have any questions about the contents of this Brochure, please contact us at (303) 226-1717. 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.

VCI is a wholly owned subsidiary of Vestar Capital Partners (“VCP”), which is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training. VCI is a relying adviser to VCP’s registration in accordance with SEC guidance.

Additional information regarding VCI is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

This annual amendment describes the business practices of VCI and is provided separate from the Form ADV Part 2A of VCP and its other affiliates. Capitalized terms used in this section are used as defined in this Form ADV Part 2A.

VCP and its affiliates filed their most recent Form ADV Part 2A on March 31, 2015.

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ADVISORY BUSINESS

Vestar/Colorado Impact, LLC (“**VCI**”) is a Delaware limited liability company and a registered investment adviser. VCI generally provides investment supervisory services to its clients, which consist of private investment-related funds. VCI was formed and commenced operations in April 2014. This Brochure describes the business practices of VCI, which operates as part of VCP’s advisory business.

VCI is the investment adviser and general partner of the Colorado Impact Fund I, L.P. (the “**Fund**”). VCI is registered under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), pursuant to VCP’s registration in accordance with Securities and Exchange Commission (“**SEC**”) guidance. The Fund, together with future private investment funds to which VCI provides investment advisory services, are collectively referred to as “**VCI Private Investment Funds**.” Current and future private investment funds to which VCP and its affiliates other than VCI provide investment advisory services, are collectively referred to as “**VCP Private Investment Funds**,” and the VCI Private Investment Funds and the VCP Private Investment Funds are collectively referred to as the “**Vestar Private Investment Funds**.”

VCP is a New York general partnership and a registered investment adviser. VCP commenced operations in 1993. VCP and its affiliated entities other than VCI are collectively referred to as “**Vestar Capital**,” and Vestar Capital and VCI are collectively referred to as “**Vestar**.” The business practices of Vestar Capital are described in a separate brochure.

Interests in the Fund are privately offered to qualified investors in the United States and elsewhere. The Fund and any other VCI Private Investment Funds that may be formed by VCI at a later date are expected to invest through negotiated transactions in operating entities. VCI’s investment advisory services to VCI Private Investment Funds consist of identifying and evaluating investment opportunities, negotiating and consummating investments, managing and monitoring investments, and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. Where such investments consist of portfolio companies, the senior principals or other personnel of VCI may serve on such portfolio companies’ respective boards of directors, may serve as officers of or consultants to such portfolio companies, and may otherwise act to influence control over management of portfolio companies held by VCI Private Investment Funds.

VCI’s advisory services for VCI Private Investment Funds are detailed in the applicable limited partnership agreements or similar agreements (each a “**Limited Partnership Agreement**”) and/or term sheet, investor materials and list and description of certain risk factors (together with the Limited Partnership Agreement, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in VCI Private Investment Funds participate in the overall investment program for the applicable fund, but such investors may be excused from a particular investment due to legal, regulatory, or other applicable constraints. The Fund or VCI may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, altering, or supplementing the Fund’s Limited Partnership Agreement.

Additionally, from time to time, VCI may provide (or agree to provide) certain investors or other persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a VCI Private Investment Fund. Such co-invest vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the VCI Private Investment Fund making the investment. However, from time to time, for strategic and other reasons, a co-invest vehicle may purchase a portion of an investment from a VCI Private Investment Fund. Any such purchase from a VCI Private Investment Fund by a co-invest vehicle generally occurs shortly after the VCI Private Investment Fund's completion of the investment to avoid any changes in valuation of the investment, and the co-invest vehicle may be charged interest on the purchase to compensate the relevant VCI Private Investment Fund for the holding period.

As of December 31, 2014, VCI managed \$62,950,000 in client assets on a discretionary basis. VCI is a wholly-owned subsidiary of VCP. The principal owner of VCP is Vestar Management Corporation II, an entity whose sole owner is Daniel S. O'Connell.

FEES AND COMPENSATION

VCI does not charge the Fund a management fee in connection with advisory services. Investors in the Fund do bear certain fund expenses. The following is a general description of expenses of the Fund. The Limited Partnership Agreement of the Fund describes expenses in greater detail. VCI may make certain "Incentive Pool" payments to VCI's employees and consultants as described below under "Carried Interest." VCI or its affiliates may receive additional compensation in connection with management and other services performed for portfolio companies of VCI Private Investment Funds as described below under "Management Fees".

Management Fees

The Fund does not pay any management fee to VCI. However, the Fund will pay certain expenses (and will reimburse VCI for such expenses to the extent they are incurred by VCI) as provided under "Other Information" below. Certain of these reimbursements to VCI could be considered an advisory fee. The total amount of these reimbursements is capped on an annual basis, as more fully explained under "Other Information" below.

VCI and its affiliates may receive break-up, monitoring, transaction and other fees paid by the Fund's portfolio companies to VCI and its affiliates. To the extent received by VCI, such fees will be used to pay (and will be applied to) past and future "VCI Expense Reimbursements", as described under "Other Information" below. To the extent such fees are not used to pay or are not applied to VCI Expense Reimbursements, VCI will retain such fees.

Co-investment vehicles, if any, are not expected to pay management fees.

Carried Interest

The Fund may make payments for a bonus incentive pool (the “**Incentive Pool**”) directly or indirectly to certain employees of, or consultants to, VCI (which payments could be considered a “carried interest”); *provided* that the Incentive Pool shall not exceed over the term of the Fund an aggregate of five percent (5%) of the Fund’s aggregate net profits; *provided, further*, that no payments may be made with respect to the Incentive Pool until the Fund’s partners at the time of any such Incentive Pool payment shall have earned at least a 7% annual internal rate of return (IRR) on their capital contributions (as reflected through aggregate distributions and their capital account balances). The Incentive Pool only will be paid to the employees of or consultants to the Fund or VCI, but will not be paid to James P. Kelley (a manager of VCI, principal of Vestar and investor in the Fund) or any employee of VCP.

Co-investment vehicles, if any, are not expected to make Incentive Pool payments or pay carried interest.

Other Information

The Fund bears certain expenses. As set forth in the Limited Partnership Agreement, the Fund is required to pay all costs and expenses relating to the Fund, including all ordinary administrative and overhead expenses incurred in connection with managing, originating and monitoring investments; salaries, rent, equipment, travel, organization and administrative expenses (to the extent not reimbursed by a portfolio company of the Fund); legal, auditing, consulting and accounting expenses; expenses of the Fund’s advisory committee; annual meetings of the Fund’s limited partners; insurance expenses; taxes; all third-party expenses in connection with transactions consummated or not consummated; costs and expenses incurred in the holding, purchase, sale or exchange of securities acquired or considered for acquisition by the Fund (whether or not ultimately consummated), including, but not by way of limitation, private placement fees, finder’s fees, interest on, fees and expenses related to borrowed money, real property or personal property taxes on investments, and brokerage fees; costs and expenses relating to the preparation and distribution of reports to the Fund’s partners; costs and expenses relating to partner meetings and advisory committee matters; all other amounts incurred or paid by VCI relating to the Fund; and the Incentive Pool. If VCI incurs any such expenses, the Fund is required to reimburse VCI for such expenses (the “**VCI Expense Reimbursements**”).

The total amounts payable by the Fund to VCI in any calendar year for VCI Expense Reimbursements shall not exceed 2.5% of the total capital commitments of the Fund. However, the following payments are excluded from and not subject to the 2.5% limit: the Incentive Pool; organizational expenses (not to exceed \$150,000); taxes, audit fees, expenses incurred in connection with the maintenance of bank or custodian accounts; all expenses incurred in connection with the registration of the securities held by the Fund; expenses incurred by VCI in serving as the Fund’s tax matters partner; the cost of liability and other insurance premiums; all costs and expenses arising out of the Fund’s indemnification obligations under the Limited Partnership Agreement; all non-transactional legal fees and expenses; and liabilities arising from litigation relating to the Fund. Also, the Fund generally will bear expenses indirectly from the payment by portfolio companies of expenses similar to those outlined in the preceding sentence.

In addition, brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the Fund may make payments relating to the Incentive Pool, as described under the section above titled “Carried Interest.”

TYPES OF CLIENTS

VCI provides investment advice to VCI Private Investment Funds, including the Fund. VCI 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 investors participating in VCI 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 Vestar and its affiliates and members of their families.

The Fund generally has a minimum investment amount of \$2 million for third-party investors. Co-investment or similar investment vehicles for principals or other employees of VCI and/or Vestar or their affiliates may accept lower investment amounts. In most circumstances, investors in the Fund must meet certain suitability and net worth qualifications prior to making an investment in the Fund. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended. To the extent legally permitted, VCI retains the discretion to waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

VCI is a private equity investment firm that focuses on organizing and investing in growth equity investments that VCI believes have the ability to have a positive impact on Colorado communities. VCI seeks the development of a diversified portfolio of private equity investments in emerging companies beyond proof of concept with revenues of at least \$0.5 million to \$2 million.

The following is a summary of the investment strategies and methods of analysis generally employed by VCI on behalf of the Fund and a summary of certain risks involved with VCI’s investment strategy and an investment in the Fund. More detailed descriptions of the Fund’s risks are included in the Governing Documents.

Investment and Operating Strategy

VCI may make equity, debt and equity-related investments and will invest only in companies that have material operations in or a nexus in or to Colorado and that VCI determines

have or will have a positive community impact. Positive community impact may include, but is not limited to, improving community health, conserving natural resources, developing clean technology and other environmentally positive businesses, or improving public education, workforce development, or economic development in targeted Colorado communities.

VCI's investment strategy is different from VCP Private Investment Funds in these material respects:

- VCI will invest only where it can ascertain a positive and measurable social impact in the Colorado community arising from the operations of the investee company;
- VCI will generally only invest capital for growth as opposed to shareholder liquidity or buyout; and
- the targeted size of VCI's investments is \$2-6 million per investment versus significantly larger targeted investment size in VCP Private Investment Funds.

Positive community impact will generally be ascertained by determining whether the products or services of the investee company contribute to improved outcomes in community health (including, among other things, accessibility to quality affordable healthcare), the conservation of natural resources, or public education, or, alternatively, economic development in targeted Colorado communities.

Integrated and Proactive Approach

VCI is committed to investing in Colorado companies that will provide a competitive economic return in addition to making a positive community impact. Using its vast relationship network, including that of its advisory council which is comprised of chief executive officers and other industry leaders in Colorado, VCI proactively targets such companies, thereby avoiding competitive auction processes. This approach seeks to maximize VCI's full potential by pursuing investments that are expected to benefit significantly from VCI's intellectual capital and operational resources.

In evaluating new investment opportunities, VCI places a strong emphasis on the quality and commitment of a company's management team. The VCI investment approach emphasizes careful and thorough due diligence. VCI's professionals are actively involved with investee companies post investment, particularly where VCI has identified the need for post-closing operational improvements or transition and integration activities. Once a transaction has been completed, VCI professionals work to manage risk and maximize value in all portfolio investments.

Investment decisions are made after extensive review and in-depth deliberation. All VCI professionals are expected to present their views, and contrarian opinions are encouraged. The VCI professionals meet frequently to discuss new investment opportunities.

All VCI professionals are highly focused on value maximizations and realizations, continuously monitoring portfolio company valuations and the health of the capital markets.

Value Maximization and Risk Management

VCI seeks to enhance its investment returns through active involvement in all aspects of the investment process. VCI's professionals work together to focus on the day-to-day monitoring of portfolio investments and to provide management with support and guidance on activities such as follow-on acquisitions, divestitures, operational improvements, organizational development, systems implementations, and the structuring of compensation programs. VCI believes that the interaction of VCI's professionals with multiple layers of portfolio company management – not just the CEO or CFO – has the added benefit of serving as an early warning system for potential issues.

Focus on Realizations

VCI believes that the broad network of contacts that the VCI professionals have enables it to monitor continuously various realization opportunities available to its portfolio companies. The VCI professionals seek to proactively pursue realizations where consistent with its relationship with co-investors and the best interests of the investee company by seeking the most attractive exit opportunities based on prevailing market conditions, a portfolio company's performance, and the potential for further value improvements.

Risks of Investment

The Fund and its investors bear the risk of loss that VCI's investment strategy entails. The risks involved with VCI's investment strategy and an investment in the Fund include, but are not limited to:

Business Risks. The Fund's 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 or total losses of invested capital.

Investment in Junior Securities. The securities in which the Fund will invest are generally 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.

Concentration of Investments. The Fund will participate in a limited number of investments and may seek to make several investments in one industry or industry segment or within a short period of time. As a result, the Fund's 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 Fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring investments in privately held companies such as those targeted by the Fund can be highly competitive and involves a high degree of uncertainty.

Focus on Early Stage Investments. It is anticipated that the Fund will make investments in primarily early stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Fund will be successful.

Dependence on Key Personnel. The success of the Fund will be highly dependent on the financial and managerial expertise of VCI's management team. There can be no assurance that members of the management team will continue to be associated with VCI or the Fund, as none of these persons is under any contractual obligation to remain with VCI or the Fund. Furthermore, these individuals are not required to devote all or substantially all of their business time to the Fund's affairs. These individuals will continue to be involved with other activities, including, possibly, newly created partnerships or funds.

Nature of Fund Investments; High Degree of Risk. The Fund intends to make privately negotiated equity, equity-related and debt investments in businesses with material operations in or a nexus to Colorado, which will subject the Fund to the fluctuations and risks of the economy of Colorado to a large extent. In addition, the Fund currently expects to focus in certain business sectors (including health care, healthy foods, education, clean tech and other environmentally positive businesses and other sectors consistent with its mission to invest for positive social impact) and/or businesses located in urban or rural areas targeted for particular need for economic development and growth of quality jobs for their residents. Although VCI's management team have significant experience in middle market private equity, especially acquisitions of control positions, they do not have experience in making smaller investments of the size that the Fund will make. In addition, they have no experience making investments on behalf of social impact funds, such as the Fund.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners.

Projections. Projected operating results of a company in which the Fund invests 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.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Fund 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 Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make 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 Fund to increase its participation in a successful operation.

Public Company Holdings. The Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund 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 Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including VCI principals, and increased costs associated with each of the aforementioned risks.

Non-controlling Investments. The Fund may hold meaningful minority stakes in portfolio companies. In addition, during the process of exiting investments (as might occur if portfolio holdings are taken public), the Fund at times may hold minority equity stakes of varying sizes. As is the case with minority holdings in general, such minority stakes that the Fund may hold generally will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Director Liability. The Fund will often seek to obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, 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.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners, and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

Healthcare Regulation, Reimbursement and Reform. Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Fund intends to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which the Fund invests. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the United States federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry.

Legal and Regulatory Risks. The Fund is subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio investments, the profitability of investments, and the costs of operating the Fund. Additional regulation could also increase the risk of third-party litigation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) has resulted in extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Those changes include new recordkeeping and reporting requirements that will add costs to the legal, operations and compliance obligations of VCI and increase the amount of time that VCI spends on non-investment related activities. The Dodd-Frank Act affects a broad range of market participants with whom the Fund interacts or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Regulatory changes that affect other market participants are likely to change the way in which VCI conducts business with counterparties. It is difficult to anticipate the effect of these and other regulatory changes on VCI and the Fund. It may take years to understand the effect of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile, and it may be more difficult for VCI to execute the investment strategy of the Fund.

Pay-to-Play Laws, Regulations and Policies. A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or its covered associates, including certain of its executives, employees or agents makes a contribution to certain elected officials or candidates or otherwise coordinates or solicits any person or political action committee to make a contribution to a government entity or to a political party of a state in which VCI provides or is seeking to

provide investment advisory services to a government entity. Currently, VCI does not provide investment advisory services to any governmental entities, but if in the future it does, if VCI or any of its employees or affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on the Fund.

Growth Equity Transactions. The Fund seeks to make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Conflicts of Interest

VCI expects to manage the Fund differently from VCP Private Investment Funds because of the Fund's focus on investments having a positive community impact with a nexus to Colorado and the projected smaller dollar amount of investment by the Fund in portfolio companies compared to the dollar amount of investments typically made by VCP Private Investment Funds. VCI will have employees that will be dedicated solely to VCI and the Fund; however, James P. Kelley will continue his work on behalf of Vestar and other VCP Private Investment Funds. In addition, VCI expects to utilize certain of VCP's resources, which will be shared among the Fund and the VCP Private Investment Funds. The VCP Private Investment Funds generally charge management fees and carried interest, which could cause a conflict of interest in the allocation of such shared resources. VCI believes the significant investment by James P. Kelley, the managing member of VCI, in the Fund, as well as the interests of certain of the other VCI investment professionals in the Fund (as well as the different investment focus of the Fund), operate to align the interest of VCI with the interest of the partners in the Fund. Investments that Vestar may control through certain Vestar Private Investment Funds may compete with companies acquired by other Vestar Private Investment Funds, including possibly the Fund (despite the Fund's focus on investments having a positive community impact with a nexus to Colorado and the expected smaller dollar amount of investment in Fund portfolio companies compared to VCP Private Investment Funds).

From time to time, VCI may provide opportunities to other parties to co-invest with the Fund in a particular investment made by the Fund. In determining which other parties should participate, and the extent of such participation, in such investment opportunities, VCI and its affiliates may be subject to conflicts of interest. VCI attempts to resolve such conflicts of interest in light of its obligations to investors in such investment vehicles it manages, and attempts to allocate investment opportunities among VCI, the Fund, other VCI Private Investment Funds, and such other parties in a fair and equitable manner and consistent with VCI's fiduciary obligations, the Governing Documents and the investment allocation policy. Where necessary, VCI will consult and receive consent to conflicts from an advisory board consisting of limited partners of the Fund or the future VCI Private Investment Funds (if any).

As a result of the VCI Private Investment Funds' expected significant interests in portfolio companies, VCI and/or its affiliates typically are expected to have the right to appoint, or influence the appointment of, board members to such portfolio companies and to determine or influence the determination of their compensation. From time to time, portfolio company board members approve reimbursements, compensation and/or other amounts payable to VCI, which could create certain conflicts of interest. In addition, since (a) VCI is permitted to retain certain fees from portfolio companies (as described under "Fees and Compensation") in connection with the Fund's investments after they are applied to past and future VCI Expense Reimbursements, and (b) these fees are not subject to forfeiture to the Fund to the extent that such fees are not used to pay or are not applied to past and future VCI Expense Reimbursements, VCI and its principals could have a conflict of interest in connection with approving transactions that generate such fees. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by the VCI and/or its affiliates that

may regularly provide services to one or more Private Investment Fund portfolio companies). Any of these situations subjects VCI and/or its affiliates to potential conflicts of interest.

DISCIPLINARY INFORMATION

VCI 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

As described under “Advisory Business” above, VCI is affiliated with other Vestar Capital investment advisers registered with the SEC under the Advisers Act pursuant to VCP’s registration in accordance with SEC guidance.

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

VCI has adopted the Vestar Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Vestar personnel to:

- report their personal securities transactions;
- pre-clear certain types of securities transactions; and
- comply with 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 client or prospective client upon request to Steven Della Rocca, the Chief Compliance Officer, at (212) 351-1600. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Vestar and its affiliated persons, including VCI, 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, Vestar and its affiliated persons, including VCI, will 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 Vestar, including VCI. Accordingly, should Vestar or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Vestar, including VCI, will be prohibited from communicating such information to clients, and Vestar, including VCI, will have no responsibility or liability for failing to disclose such information to clients as a result of complying with, and following their policies and procedures designed to comply with, applicable law. Similar restrictions may be applicable as a result of Vestar personnel, including VCI

personnel, serving as directors of public companies and may restrict trading on behalf of clients, including the Fund.

Principals and employees of Vestar, including VCI, and its affiliates may directly or indirectly own an interest in Vestar Private Investment Funds, primarily through co-invest funds. Vestar believes that such interests do not create a conflict of interest and instead operate to align the interests of Vestar personnel with that of the Vestar Private Investment Funds.

The Fund and other VCI Private Investment Funds, including co-invest funds, may invest together in the manner set forth in the Limited Partnership Agreement. VCI will allocate investment opportunities in a fair and equitable manner and consistent with its fiduciary obligations, the Limited Partnership Agreement and the Vestar investment allocation policy, which is set forth in Vestar's Compliance Manual.

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

BROKERAGE PRACTICES

VCI focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, VCI may also distribute securities to investors in the Fund or sell such securities, including through a broker-dealer, if a public trading market exists. Although VCI does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If VCI sells publicly traded securities for the Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Vestar. In such event, VCI will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, VCI may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

VCI has no contractual duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although VCI generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

As a general matter, to the extent research is provided by brokers it is used to benefit the VCI Private Investment Funds. To the extent that VCI allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on VCI Private Investment Funds' interest in receiving most favorable execution. To the extent VCI uses "soft dollars" on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

VCI does not anticipate engaging in significant public securities transactions; however, to the extent that VCI engages in any such transactions, orders for purchase or sale of securities placed first will be executed first and within a reasonable amount of time of order receipt. To the extent that orders for VCI Private Investment Funds are completed independently, Vestar may also purchase or sell the same securities or instruments for several Vestar Private Investment Funds simultaneously. From time to time, Vestar, including VCI, may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time.

If VCI engages in securities transactions on behalf of the Fund, VCI may retain one or more broker-dealers or investment banks, the costs of which will be borne by the Fund and/or its portfolio companies. In determining to retain such parties, VCI may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although VCI generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Fund may not pay the lowest commission or fee for such services.

REVIEW OF ACCOUNTS

The investments made by the VCI 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, VCI closely monitors companies in which the VCI Private Investment Funds invest, and the Chief Compliance Officer periodically checks to confirm that each VCI Private Investment Fund is maintained in accordance with its stated objectives.

VCI will generally provide to the limited partners of the VCI Private Investment Funds: (i) audited financial statements annually; (ii) for each of the first three quarters of each fiscal year, a summary of acquisitions and dispositions of investments made by and significant events of the Fund during such quarter; (iii) annual tax information necessary for each partner's U.S. tax returns; and (iv) descriptive investment information for each portfolio company after each investment.

CLIENT REFERRALS AND OTHER COMPENSATION

As discussed in the “Fees and Compensation” section, VCI and/or its affiliates may receive certain fees from the Fund’s portfolio companies.

CUSTODY

VCI, through Vestar, has established an account with Vectra Bank, Denver, Colorado, to hold funds and securities on behalf of the Fund.

INVESTMENT DISCRETION

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

VOTING CLIENT SECURITIES

VCI has adopted the Vestar Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Fund’s (and any Vestar Private Investment Fund’s) portfolio investments. The Proxy Policy seeks to ensure that VCI votes proxies (or similar instruments) in the best interest of the Fund, including where there may be material conflicts of interest in voting proxies. VCI generally believes its interests are aligned with those of the Fund’s investors through the principals’ beneficial ownership interests in the Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that VCI may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund’s advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. VCI does not consider service on portfolio company boards by VCI personnel or VCI’s receipt of fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by VCI when voting proxies on behalf of the Fund. Clients or prospective clients should contact Steven Della Rocca, the Chief Compliance Officer, at (212) 351-1600, if they would like a copy of the complete Proxy Policy or information regarding how VCI voted proxies for particular portfolio companies. Such information will be provided to such persons at no charge.

FINANCIAL INFORMATION

VCI does not require or solicit prepayment of management fees more than six months in advance and is not otherwise required to make any disclosure under this item of the Brochure.