

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**WIND POINT ADVISORS LLC**

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**March 27, 2014**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Wind Point Advisors LLC (“Wind Point Advisors”). If you have any questions about the contents of this Brochure, please contact us at (312) 255-4800. 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.**

Wind Point Advisors is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Wind Point Advisors is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

This Brochure updates the previous Wind Point Advisors' Brochure dated March 26, 2013. There have been no material changes since the filing of the previous Brochure and this Brochure contains minor clarifying changes including with respect to co-investment vehicles and updates Wind Point Advisors' total Assets Under Management to \$2,150,638,308 as of December 31, 2013.

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## **Wind Point Advisors LLC Brochure**

### **Section 1. Advisory Business**

Wind Point Advisors, the registered investment adviser, is a Delaware limited liability company. Wind Point Advisors and its affiliated investment advisers provide “investment supervisory services” to their clients, which consist of private investment-related funds. Wind Point Advisors was organized in May 1999. Wind Point Advisors is principally owned by Robert Cummings and Richard Kracum.

The following are certain of the affiliated advisers of Wind Point Advisors (the “**General Partners**,” and together with Wind Point Advisors, the “**Managers**”):

- Wind Point Investors, L.L.C. (“**Wind Point Investors**”)
- Wind Point Investors IV, L.P. (“**Wind Point IV GP**”)
- Wind Point Investors V, L.P. (“**Wind Point V GP**”)
- Wind Point Investors VI, L.P. (“**Wind Point VI GP**”)
- Wind Point Investors VII, L.P. (“**Wind Point VII GP**”)

Each General Partner listed above is registered under the Advisers Act pursuant to Wind Point Advisors’ registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner, which operate as a single advisory business together with Wind Point Advisors.

The Managers’ clients include the following (collectively the “**Partnerships**” or the “**Funds**,” and together with any future private investment fund to which Wind Point Advisors or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Wind Point Partners III, L.P.
- Wind Point III Executive Advisor Partners, L.P.
- Wind Point Partners IV, L.P.
- Wind Point IV Executive Advisor Partners, L.P.
- Wind Point Associates IV, LLC
- Wind Point Partners V, L.P.
- Wind Point V Executive Advisor Partners, L.P.
- Wind Point Partners VI, L.P.

- Wind Point VI Executive Advisor Partners, L.P.
- Wind Point Partners VII-A, L.P.
- Wind Point Partners VII-B, L.P.
- Wind Point VII Affiliates, L.P.

The General Partners listed above each serve as general partner to one or more Funds and have the authority to make the investment decisions for the Funds to which they provide advisory services. In addition to such Funds, Wind Point Advisors also manages a vehicle formed for the purpose of holding and investing certain funds attributable to current and former Wind Point employees. Such vehicle does not invest in investments similar to or competitive with investments made by the Funds.

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

The Managers' advisory services for Private Investment Funds are further described in the applicable private placement memoranda and limited partnership agreements (each, a "**Partnership Agreement**"), as well as below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion." Investors in Private Investment Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints or for other agreed upon reasons. The Managers may enter into side letters or other similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing a Fund's Partnership Agreement.

As of December 31, 2013, Wind Point Advisors managed approximately \$2,150,638,308 in client assets on a discretionary basis.

## **Section 2. Fees and Compensation**

The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

With respect to the Funds, each Fund's General Partner generally receives an annual management fee (the "**Management Fee**") and a carried interest in connection with advisory

services, although certain Funds may not charge a Management Fee and/or carried interest. The General Partners or their affiliates may receive additional compensation in connection with management and other services performed for certain portfolio companies of Private Investment Funds and such additional compensation may offset in whole or in part the Management Fees otherwise payable to the applicable General Partner. Investors in the Funds also bear certain fund expenses.

Each Fund generally pays a Management Fee equal to 2.00% of investor capital commitments to the Fund (“**Commitments**”) during the commitment period (generally, five years from the Fund’s effective date), and 2.00% (1.75% in the case of Wind Point Partners VI, L.P., Wind Point Partners VII-A, L.P. and Wind Point Partners VII-B, L.P.) of net invested capital thereafter. The Management Fee generally will be payable by a Fund until the earliest of the date all portfolio investments are distributed, the tenth anniversary of a Fund’s effective date and the date a General Partner’s relationship with the applicable Fund is terminated for other reasons (as described in the Partnership Agreement). Installments of the Management Fee payable for any period other than a full management fee period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee is typically payable by the Fund to the applicable General Partner quarterly in advance. In some cases, the Management Fee may be reduced where the term of a Fund is extended pursuant to the Partnership Agreement or where a particular subsequent Fund is formed.

The Management Fee, with respect to certain of the Funds, is generally reduced by a specified percentage of any: (i) directors’ fees, financial consulting fees or advisory fees earned by the applicable General Partner with respect to any Fund investment; (ii) transaction fees paid to the applicable General Partner with respect to any Fund investment; and (iii) break-up fees with respect to Fund transactions not completed that are paid to the applicable General Partner. The remaining amount of the aforementioned fees that are received by the applicable General Partner without offset against the Management Fee are hereinafter referred to as “**Supplemental Fees.**”

As described in the Partnership Agreement of certain Funds, the applicable General Partner may waive all or a portion of a Management Fee payment for a corresponding interest in such Fund’s profits, and any waived portion of such Management Fee may be used to reduce the amount of capital contributions the General Partner would otherwise be required to contribute to the Fund. The partners of a Fund may be required to make a *pro rata* contribution according to how they would have funded the waived Management Fee to fund a contribution that would otherwise be required of the General Partner in connection with any such waiver, which will be treated as a deemed capital contribution by the General Partner in respect of the General Partner’s Commitment. Reductions to Management Fees due to waivers are taken into account before applying the offsets described above.

The following Funds do not pay or no longer pay a Management Fee: Wind Point Partners III, L.P., Wind Point III Executive Advisor Partners, L.P., Wind Point Partners IV, L.P., Wind Point IV Executive Advisor Partners, L.P., Wind Point Associates IV, LLC, Wind Point Partners V, L.P. and Wind Point V Executive Advisor Partners, L.P.

In addition to the Management Fee, each Fund's General Partner generally receives a carried interest from investors in the Fund of 20% of all realized profits, subject to an 8% compounded annual preferred return and a related General Partner catch-up (as more fully described in each Fund's Partnership Agreement). The carried interest distributed to a General Partner typically is subject to a potential giveback at the end of the life of the applicable Fund if the General Partner has received excess cumulative distributions.

For certain Funds, the General Partners and/or their affiliates generally may exempt certain persons from payment of all or a portion of Management Fees and/or carried interest, including the General Partner and any other person designated by the General Partner. Any such exemption from Management Fees and/or carried interest may be made by a direct exemption or through private investment vehicles which co-invest with the Funds.

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

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the applicable Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Managing Directors and other employees of Wind Point Advisors may receive a portion of the Management Fee, carried interest or other compensation received by Wind Point Advisors or its affiliates.

As described in each Fund's Partnership Agreement, a Fund will typically reimburse the applicable General Partner for the Fund's organizational and start-up expenses up to a specified amount, including legal, travel, accounting, filing, printing, capital raising and other organizational expenses. A Fund generally does not ultimately bear any placement fees incurred in connection with the organization of the Fund, even if it pays such fees, as such fees generally reduce the amount of the Management Fee payable to the applicable General Partner, as described above.

In addition to the Management Fee and carried interest payable to the applicable General Partner, a Fund will typically bear all other liabilities, costs and expenses of the Fund that are not reimbursed by portfolio companies, which may include, without limitation, legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns and Schedule K-1s; out of pocket expenses incurred in connection with transactions not consummated; expenses of the limited partner advisory board and annual meetings of the limited partners; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. The Funds also may bear expenses indirectly from the payment by portfolio companies of similar expenses, including travel.

Subject to a Fund's Partnership Agreement, the applicable General Partner will generally bear all ordinary administrative and overhead expenses incurred in connection with managing, originating and monitoring investments, including employees' salaries, rent, utilities, etc.

Brokerage fees may be incurred by the applicable Fund in accordance with the practices set forth in Section 9 below.

### **Section 3. Performance-Based Fees and Side-By-Side Management**

As discussed under Section 2 (“Fees and Compensation”) above, the General Partners receive a carried interest allocation on certain realized profits in certain of the Funds. A performance-based allocation is an allocation representing an asset manager’s compensation based on a percentage of net profits of the fund being managed. Certain of the General Partners may also manage Private Investment Funds that are not charged a performance-based fee. This practice could present a conflict of interest because the applicable General Partner has an incentive to favor accounts for which it receives a performance-based fee. This potential conflict of interest is addressed by investing such Private Investment Funds that do not charge a performance-based fee in each portfolio company that the applicable Private Investment Funds that do charge performance-based fees invest in. Such investments are made on substantially the same terms and are generally made on a *pro rata* basis based on aggregate available Commitments. See Section 5, “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

### **Section 4. Types of Clients**

The Managers provide investment advice to Private Investment Funds, including the Funds. Private Investment Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Wind Point Advisors and its affiliates.

The Funds generally have a minimum investment of \$5 million for third-party investors, although individual Commitments of lesser amounts may be accepted at the discretion of the applicable General Partner. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended.

### **Section 5. Methods of Analysis, Investment Strategies and Risk of Loss**

#### **General**

The principal investment strategy of the Managers generally is to acquire under-managed middle market companies where the Managers are able to establish a clear path to value creation. The Managers invest in companies across many industry categories.

*The following is a summary of the investment strategies and methods of analysis generally employed by the Managers on behalf of the Funds and a summary of certain risks involved with the Managers’ investment strategy and an investment in the Funds. More detailed descriptions*



*of the Funds' investment strategies and methods of analysis and risks are included in the applicable private placement memorandum for each Fund. There can be no assurance that the Managers will achieve the investment objectives of the Funds, and a loss of investment may be possible.*

## **Investment and Operating Strategy**

To execute their strategy, the Managers focus on bringing together the following three key elements in each transaction:

- 1) Top Caliber CEO. The Managers recruit CEOs who will be their partners in selecting and acquiring a portfolio company where the CEO will be responsible for developing and leading the value creation plan. The CEO partners should also be willing to invest a meaningful portion of their liquid net worth in the company alongside the applicable Fund.
- 2) Under-managed Middle Market Company. The Managers typically seek to acquire well-positioned but undermanaged businesses with an enterprise value of \$100 million to \$500 million that are a good match with a CEO partner's skill set and industry experience.
- 3) Clear Path to Value Creation. The Managers seek to pursue opportunities where a CEO partner can develop a value creation plan that is designed to produce greater growth and profitability than might otherwise be anticipated from the incumbent management team. This value creation plan is formulated during the several months of due diligence that the applicable General Partner and the CEO partner dedicate prior to acquiring a company.

## **Types of Investments**

The Funds will hold a substantial portion of their assets in restricted securities, but generally will seek registration rights or other liquidity features in connection with investments to enable them to exit the investment at an appropriate point under the individual circumstances of each investment. The Funds may use leverage in connection with their investments.

## **Risks of Investment**

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

1. 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 losses.

2. Investment in Junior Securities. The securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.
3. Concentration of Investments. The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the 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.
4. Lack of Sufficient Investment Opportunities. The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the 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.
5. Leveraged Investments. The Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments.

Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

6. 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.

7. Reliance on Portfolio Company Management. Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.
8. 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.
9. 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.

10. Non-U.S. Investments. The Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners.

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

11. Director Liability. The Fund will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors

of a portfolio company exposes the 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.

12. *Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

### **Conflicts of Interest**

The Managers currently manage a number of Funds that are similar to each other, and each of the Funds have made investments that are similar to investments made by other Funds. The Managers' investment staff will continue to manage and monitor such Funds and investments. This practice could create a conflict of interest. However, during the investment period of a Fund, the principals of the applicable General Partner (the "**Principals**") pursue all appropriate investment opportunities exclusively through such Fund, subject to certain exceptions as described in the applicable Partnership Agreement. In addition, the significant investment of the Principals in such Fund, as well as the Principals' interest in the carried interest of such Fund, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in such Fund, although the Principals have economic interests in such other Funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other Funds and investments that the Principals may control may compete with a Fund or companies acquired by a Fund. Following the investment period of a Fund, the Principals may, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for a given Fund, but also for other private funds operated by the Managers. In determining which investment vehicles should participate in such investment opportunities, the Managers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. The Managers attempt to resolve such conflicts of interest in light of its obligations to investors in its Funds and other private funds, and attempt to allocate investment opportunities among the Funds and such other private funds in a fair and equitable manner and consistent with the applicable Partnership Agreements. Where necessary, the Managers consult and receive consent to conflicts from an advisory committee consisting of limited partners of the applicable Fund and such other investment vehicles.

Because a General Partner's carried interest is based on a percentage of realized profits of the respective Fund, it may create an incentive for the General Partner to cause the applicable Fund to make riskier or more speculative investments than would otherwise be the case. However, the Managers believe that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of the Managers with that of the Funds.

Since a General Partner is permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving transactions. This conflict may be mitigated to an extent by offsetting the Management Fee by a specified percentage of such Supplemental Fees and a General Partner's interest in the carried interest of a Fund.

## **Section 6. Disciplinary Information**

Wind Point Advisors and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

## **Section 7. Other Financial Industry Activities and Affiliations**

Wind Point Advisors is affiliated with other Wind Point investment advisers registered with the SEC under the Advisers Act pursuant to Wind Point Advisors' registration in accordance with SEC guidance. These advisers are Wind Point Investors, Wind Point IV GP, Wind Point V GP, Wind Point VI GP and Wind Point VII GP. These affiliated investment advisers operate as a single advisory business together with Wind Point Advisors and serve as General Partners of the Partnerships and may share common owners, officers, partners, consultants or persons occupying similar positions. See Section 5, "Methods of Analysis, Investment Strategies and Risk of Loss," for a discussion of conflicts of interest.

## **Section 8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Managers have adopted the Wind Point Partners Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of the Managers' Principals and employees and addresses conflicts that arise from personal trading. The Code requires the Managers' personnel to report their personal securities transactions and prohibits the Managers' personnel's direct or indirect acquisition of beneficial ownership of securities in an initial public offering or in a limited offering, in each case, without first obtaining approval from the Managers' Chief Compliance Officer. In addition, the Code requires the Managers' Principals and employees to 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 LeAnn Kilarski at (312) 255-4800 or LKK@wppartners.com. 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.

The Managers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the

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

Principals and employees of the Managers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including the Funds or certain co-investment vehicles. The Managers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the Managers with the Private Investment Funds. The Funds and other Private Investment Funds may invest together in the manner set forth in the applicable Partnership Agreement. The Managers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Managers' fiduciary obligations and consistent with the applicable Private Investment Funds' underlying documents.

The Managers serve as investment managers to certain co-invest vehicles that invest alongside the Funds in certain portfolio companies. Certain affiliates and personnel of the Managers, third party investors and other persons may be permitted to participate in the co-invest vehicles or in some cases co-invest directly in a particular portfolio company. From time to time for strategic or other reasons, a co-invest vehicle may purchase a portion of an investment from a Fund. The co-invest buy-down generally occurs shortly after the Fund's completion of the investment to avoid any changes in the valuation of the investment. The co-invest vehicle generally will be charged interest on its buy-downs to compensate the Fund for the holding period.

The Managers and their affiliates, Principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to other accounts or certain Funds or vehicles that may differ from advice given to, or securities recommended or bought for, other Funds or vehicles, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by Wind Point Advisors (the "**Referenced Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Referenced Funds or may give priority with respect to investments to such Referenced Funds. Some of these restrictions could be waived by investors (or their representatives on advisory boards) in such Referenced Funds. However, the Managers may or may not, in their sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

The Managers may recommend the purchase or sale of securities for Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an

affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions may require the consent of the applicable Funds.

See Section 5, “Methods of Analysis, Investment Strategies and Risk of Loss,” for a discussion of conflicts of interest.

## **Section 9. Brokerage Practices**

The Managers focus on securities transactions of private companies and generally purchase and sell such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Managers may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Managers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Managers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Managers. In such event, the Managers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Managers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Managers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Managers generally seek competitive commission rates, they 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.

Consistent with the Managers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Managers generally do not make use of such services at the current time. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Managers’ Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by the Managers, and brokerage commissions paid by one Private Investment Fund may apply towards payment for research services that might not be used in the service of such Private Investment Fund.

To the extent that the Managers allocate brokerage business on the basis of research services, they 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 their Private Investment Funds' interest in receiving most favorable execution.

The Managers do not anticipate engaging in significant public securities transactions; however, to the extent that the Managers engage 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 Private Investment Funds are completed independently, the Managers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Managers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Managers is favored over any other Private Investment Fund.

#### **Section 10. Review of Accounts**

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

The Funds generally provide to their limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each limited partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically. In addition to the information provided to all investors, the Managers may provide certain investors with additional information or more frequent reports that other investors will not receive.

#### **Section 11. Client Referrals and Other Compensation**

As discussed in the "Fees and Compensation" section, the Managers and/or their affiliates may receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Partnership Agreement, this compensation may, in certain circumstances, offset a portion of the Management Fees paid by the Funds. However, in other circumstances, these fees would be in addition to Management Fees.

From time to time, Wind Point Advisors may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund or other Private Investment Fund. Any fees and expenses payable to any such third parties will be borne by Wind Point Advisors directly or indirectly through an offset against the Management Fee.



## **Section 12. Custody**

As required by the Advisers Act, the Managers have established an account with a qualified custodian to hold funds and securities on behalf of the Funds in custody as follows: Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Bank, N.A. Although the Managers are deemed to have custody of underlying assets of many of the Funds, the Managers rely on the “pooled investment vehicles” exemption from the reporting and surprise audit obligations imposed by the SEC’s custody rule. Accordingly, the Funds are generally subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board. Each Fund’s audited financial statements are then provided to underlying investors of such Fund within 120 days of the Fund’s fiscal year end.

## **Section 13. Investment Discretion**

Each Manager has discretionary authority to manage investments on behalf of the applicable Fund. As a general policy, the Managers do not allow clients to place limitations on this authority, provided that the Partnership Agreement of a Fund may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the applicable Partnership Agreement, however, a Manager may enter into side letter or similar 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 or for other agreed upon reasons. The applicable Manager assumes this discretionary authority pursuant to the terms of the Partnership Agreement.

## **Section 14. Voting Client Securities**

In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures (the “**Policy**”) to address how any Manager will vote proxies, as applicable, for the Funds’ portfolio investments. The Policy seeks to ensure that the applicable Manager votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds’ investors through the Managers’ Principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict of interest between the applicable Manager and the Funds in voting proxies, the Policy outlines several alternative approaches that the Manager may take to address the conflict. The Managers do not consider service on portfolio company boards by Manager personnel or Principals or the Managers’ receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. A copy of the Policy or information regarding how the Managers voted proxies for particular portfolio companies will be provided to clients or prospective clients at no charge upon request to LeAnn Kilarski at (312) 255-4800 or [LKK@wppartners.com](mailto:LKK@wppartners.com).

**Section 15. Financial Information**

Wind Point Advisors does not require or solicit prepayment of management fees more than six months in advance and does not have any other events requiring disclosure under this item of the Brochure.