

INVESTMENT ADVISER BROCHURE
PFINGSTEN PARTNERS, L.L.C.
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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Pfingsten Partners, L.L.C. (“Pfingsten Partners”). If you have any questions about the contents of this Brochure, please contact us at (312) 222 8707 and/or pfingsten@pfingsten.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Pfingsten Partners 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 Pfingsten Partners is also available on the SEC’s website at www.adviserinfo.sec.gov

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SUMMARY OF MATERIAL CHANGES

This Brochure dated as of March 29, 2016 amends and replaces the Brochure dated as of March 27, 2015. In the future, this section may contain a summary of material changes since the last annual update of our Brochure.

ADVISORY BUSINESS

Pfingsten Partners, a Delaware limited liability company and a registered investment adviser formed in 1989, provides investment advisory services to its clients, which consist of private investment funds, including the funds described herein (collectively, the “Funds,” each individually, a “Fund,” and together with any future private investment fund, “Pfingsten Funds”).

Pfingsten Partners, through its Funds, invests in middle market manufacturing, distribution and business services companies with a strategy to build better businesses through operational improvements, professional management practices, global capabilities and profitable business growth rather than financial engineering.

Pfingsten Partners’ investments consist of portfolio companies, where Pfingsten Partners’ Senior Managing Directors and Managing Directors (the “Pfingsten Partners Directors”) may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the relevant Pfingsten Fund.

Pfingsten Partners provides investment advisory services to funds that invest directly in portfolio companies. Pfingsten Partners manages approximately \$846.1 million in client assets (assets under management of \$382.0 million attributable to Pfingsten Partners Fund V, L.P. and Pfingsten Partners Fund V-A, L.P. are calculated as of February 29, 2016, the date of the final closings of such funds. All other assets under management were calculated as of December 31, 2015).

Pfingsten Partners’ advisory services for Pfingsten Funds are detailed in the applicable private placement memoranda and limited partnership agreements (collectively, the “Governing Documents”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.”

Pfingsten Partners Fund Program

Pfingsten Partners is the investment manager of the following Funds, each of which invests directly in portfolio companies and has as its general partner a Pfingsten Partners affiliate of which Pfingsten Partners is the managing member:

- Pfingsten Executive QP Fund III, L.P.
- Pfingsten Executive Fund III, L.P.
- Pfingsten Partners Fund IV, L.P.
- Pfingsten Partners Co-Investment Fund IV, L.P.
- Pfingsten Partners Fund V, L.P.
- Pfingsten Partners Fund V-A, L.P.

FEES AND COMPENSATION

Pfingsten Partners charges management fees to Fund investors and also receives performance-based compensation. Such compensation complies with Rule 205-3 under the Advisers Act, and, where applicable, relevant provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Pfingsten Partners or its affiliates may receive additional compensation in connection with management and other services performed for portfolio companies of Pfingsten Funds, and such additional compensation will be credited in whole or in part to the applicable Pfingsten Fund in the form of an offset to the management fee. Fund investors also bear certain fund expenses.

The Pfingsten Funds 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 relevant Pfingsten Fund, as applicable, and investors generally are not permitted to withdraw or redeem interests in a Pfingsten Fund.

The fees that Pfingsten Partners charges for Fund investments are described below:

Each Pfingsten Fund’s general partner charges its respective Funds a gross annual management fee equal to 2.0% of the aggregate commitments to such Pfingsten Fund. The gross annual management fee is reduced by 75% of the portfolio company monitoring fee received during the previous three or six months (depending on the Fund), and is paid quarterly in advance by the Funds to their respective general partner. The management fee charged to the Funds will be reduced to 2% of the Investment Contributions (i.e. cost basis of existing portfolio companies) generally after a period of five to five-and-a-half years.

Each Pfingsten Fund also pays a carried interest of 20%. Carried interest may be distributable to Pfingsten Partners on a deal-by-deal basis, assuming the cost basis, allocable cost contributions and preferred return hurdles are met, but the general partner in its discretion may defer carried interest distributions.

For more information regarding fees and compensation, please see the Pfingsten Fund’s Governing Documents.

In addition to the management fee and carried interest payable to Pfingsten Partners, the Pfingsten Funds may be required to pay all costs and expenses relating to the applicable Pfingsten Fund’s activities, investments and business that are not reimbursed by a portfolio company (which reimbursements may be for travel and any other expenses incurred in connection with such portfolio company), including: (i) costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of the applicable Pfingsten Fund’s investments, including follow-on investments and refinancings (including interest on money borrowed by or on behalf of the applicable Pfingsten Fund); (ii) legal, filing, accounting, auditing, consulting (including consulting and retainer fees paid to consultants performing investment initiatives

and other similar consultants), financing, insurance (including directors and officers, errors and omissions liability and other insurance), broker, finder's, financing commitment fees, real estate title, appraisal costs, printing, custodian, depositary, transfer, registration and other similar fees and expenses; (iii) expenses incurred in connection with third party valuations; (iv) expenses associated with the preparation of the applicable Pfingsten Fund's financial statements, tax returns, tax estimates, Schedule K-1s or any other administrative, regulatory or other fund-related reporting or filing obligations; (v) expenses of the fund's advisory board and annual meetings of the applicable fund's limited partners; (vi) extraordinary expenses (such as litigation, indemnification, judgments and settlements, if any); (vii) out-of-pocket expenses incurred in connection with transactions not consummated (including travel expenses); and (viii) any taxes, fees or other governmental charges levied against the applicable Pfingsten Fund. In addition, subject to the applicable Limited Partnership Agreement, the Pfingsten Funds generally do not bear Pfingsten Partners expenses related to maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses).

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in greater detail under "Fees and Compensation" above, the Pfingsten Partners may receive a performance-based fee in the form of a carried interest from the Pfingsten Funds.

TYPES OF CLIENTS

Pfingsten Partners provides investment advice to the Pfingsten Funds. Pfingsten Funds are investment partnerships formed under domestic laws and operated as investment pools exempt from registration under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"). The investors participating in Pfingsten Funds may include pension and profit sharing plans, family offices, governmental entities, charitable organizations, high net-worth individuals and other corporations or business entities and may include, directly or indirectly, principals or other employees of Pfingsten Partners.

Generally, the minimum Fund investment that Pfingsten Partners accepts is \$1.0 million. In its discretion, Pfingsten Partners may from time to time accept a Fund investment in a lesser amount, and Pfingsten Partners may increase the minimum investment amount. Prior to investing in a Pfingsten Fund, an investor is required to complete a subscription agreement and investor qualification statement containing representations needed to establish the investor's eligibility to invest in the Fund. For more information regarding investor qualifications, please see the Pfingsten Fund's Governing Documents.

INVESTMENT STRATEGIES, METHODS OF ANALYSIS AND RISK OF LOSS

Investment Strategies

While Pfingsten Partners believes most private equity firms create value through financial engineering, it seeks to create value by building better businesses. Pfingsten Partners, through the Pfingsten Funds, typically invests a minimum of 50% equity into the capital structure of each platform

company and seek to create value through operational improvements, professional management practices, global capabilities and profitable business growth.

Pfingsten Partners believes many middle market companies that meet its investment criteria have significant growth and profit potential, but lack adequate capital, operational and financial management resources, infrastructure, a global vision and capabilities, professional management practices, and strategic, tactical and financial planning processes. These limiting factors often result in less than optimal growth and profitability. Pfingsten Partners supports its portfolio company management teams with the following:

- Operating professionals
- A team-based continuous improvement operating process and training programs
- Global capabilities
- Conservative capital structures

Investment Criteria

- Pfingsten Partners, through the Pfingsten Funds, seeks investments in companies that generally meet the following investment criteria:

Industry Segments	<ul style="list-style-type: none"> • Manufacturing, distribution and business service companies
Transaction Values	<ul style="list-style-type: none"> • Between \$15 and \$100 million for platform investments (transaction values for add-on acquisitions may be less than \$15 million)
Geographic Preference	<ul style="list-style-type: none"> • All platform companies must be headquartered in the United States • No geographic preference for add-on acquisitions
Investment Stage	<ul style="list-style-type: none"> • Established and profitable
Transaction Types	<ul style="list-style-type: none"> • Private companies undergoing an ownership transition, recapitalization or requiring growth capital • Corporate divestitures • Select financial restructurings or turnarounds • Strategic add-on acquisitions for platform companies
Control	<ul style="list-style-type: none"> • Required (alone or with a compatible co-investor)

- Pfingsten Partners does not intend to make direct investments in real estate; natural resource companies; highly regulated businesses such as banks, insurance companies and utilities; retail businesses; restaurant chains; early stage companies; and technology or telecommunication companies.

Methods of Analysis

Pfingsten Partners' investment decision making process for the Pfingsten Funds typically proceeds as follows:

Pfingsten Partners investment professionals make an initial evaluation of each investment opportunity and conduct initial due diligence.

- A transaction team, generally comprised of at least one Senior Managing Director or Managing Director, a Corporate Finance Vice President and/or a Corporate Finance Associate, and an Operations Vice President, is assigned to analyze each investment opportunity that is determined to merit serious consideration.
- Decision-making is conducted in a consensus manner by the entire Pfingsten Partners transaction team. Once the Pfingsten Partners investment committee approves a decision to pursue an investment in a company, the transaction team works to negotiate a letter of intent and subsequent acquisition agreements and documents.
- The transaction team conducts due diligence, which includes but is not limited to an extensive review of the business, management and employee interviews, customer and management reference calls, calls with industry and technical experts, an intellectual property review, competition and market review, financial review, legal review and tax review.
- Assuming that an agreement can be reached, the transaction team develops an informational presentation and the investment opportunity is reviewed in its entirety by all Senior Managing Directors, Managing Directors, Corporate Finance professionals and Operations professionals. After that review, the investment may be approved by the Pfingsten Partners investment committee.

The sources of information that Pfingsten Partners uses in its investment decision making process include due diligence and research conducted by Pfingsten Partners' investment professionals and due diligence and information provided by other professional service firms.

Risks of Investment

Inherent in Pfingsten Partners' investment advisory business are a number of risks, including those associated with Pfingsten Partners' strategy of investing in private companies. These risks result in a risk of investment loss for Pfingsten Funds and their investors. The risks to may include, but are not limited to:

Business Risks

The Pfingsten Funds' investment portfolio will consist primarily of securities issued by privately held companies, including highly leveraged 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.

Future and Past Performance

The performance of the Pfingsten Funds' prior investments is not necessarily indicative of the Pfingsten Funds' future results. While the general partner intends for the Pfingsten Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities

The Pfingsten Funds may invest in securities which 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 a fund's investment once made.

Concentration of Investments

Each Pfingsten Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a fund may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities

It is possible that the Pfingsten Funds will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty.

Illiquidity; Lack of Current Distributions

An investment in the Pfingsten Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment.

Limited Transferability of Fund Interests

There will be no public market for Pfingsten Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of Pfingsten Funds' interests under the Governing Documents and applicable securities laws. In general, withdrawals of Pfingsten Funds' interests are not permitted. In addition, Pfingsten Funds' interests are not redeemable.

Restricted Nature of Investment Positions

Generally, there will be no readily available market for investments made by the Pfingsten Funds, and hence, most of such funds' investments will be difficult to value. Certain investments may be distributed in kind to investors and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such investors. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the applicable partnership agreement, including the value used to determine the amount of carried interest available to the fund's general partner with respect to such investment.

Reliance on the General Partner and Portfolio Company Management

At the time of formation, the Pfingsten Funds have no operating history and will be entirely dependent on Pfingsten Partners. Control over the operation of the Pfingsten Funds will be vested entirely with Pfingsten Partners, and the Pfingsten Funds' future profitability will depend largely upon the business and investment acumen of the Pfingsten Partners Directors. The loss of service of one or more of the Pfingsten Partners Directors could have an adverse effect on the Pfingsten Funds' ability to realize its investment objectives. Pfingsten Funds' investors generally have no right or power to take part in the management of the Pfingsten Funds, and as a result, the investment performance of the Pfingsten Funds will depend entirely on the actions of Pfingsten Partners. Although Pfingsten Partners will monitor the performance of each Pfingsten Funds' investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Pfingsten Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will continue to operate a company successfully.

General Partner's Carried Interest

The fact that the general partner's carried interest is based on a percentage of net profits may create an incentive for the general partner to cause the Pfingsten Funds to make riskier or more-speculative investments than would otherwise be the case.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, a Pfingsten 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 (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that such Pfingsten Fund will make follow-on investments or that such fund will have sufficient funds to make all or any of such investments. Any decision by a Pfingsten 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 (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, failure to make such investments may result in a lost

opportunity for a Pfingsten Fund to increase its participation in a successful portfolio company or the dilution of the fund's ownership in a portfolio company if a third party invests in such portfolio company.

Limitation of Recourse and Indemnification

The partnership agreement governing an investor's investment will limit the circumstances under which a general partner and its affiliates will be held liable to the applicable Pfingsten Fund. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, such partnership agreement will provide that the Pfingsten Fund will indemnify the general partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Pfingsten Fund. Such indemnification obligations could materially impact the returns to investors.

Advisory Board

The general partner of the Pfingsten Fund will appoint one or more limited partner representatives to an advisory board of the Pfingsten Fund (the "Advisory Board"). The applicable governing documents may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the applicable Pfingsten Fund or any other partner. In addition, representatives of the Advisory Board may have various business and other relationships with the fund's general partner and its partners, employees and affiliates. These relationships may influence their decisions as members of the Advisory Board.

Conflict of Interest

Pfingsten Partners manages the Pfingsten Funds, and will continue to form additional private investment funds. As Pfingsten Partners invests and manages assets for the Pfingsten Funds, it is possible for conflicts of interest to arise between these funds. Pfingsten Partners has policies and procedures designed to address and resolve such conflicts of interest.

Valuation of Assets

There is not expected to be an actively traded market for most of the securities owned by the Pfingsten Funds. When estimating fair value, the general partner of the applicable fund will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the general partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Co-Investments

The general partner of a Pfingsten Fund may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more of the limited partners of the applicable fund and/or other persons, in each case on terms to be determined by the general partner in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the general partner in its sole discretion, may not be in the best interests of the applicable Pfingsten Fund or any individual limited partner. A Pfingsten Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the applicable Pfingsten Fund, or may be in a position to take action contrary to the investment objectives of such fund. In addition, such fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. See “Co-Investment Opportunities,” below.

Additional risks relevant to investments in the Funds are described in the applicable private offering memoranda.

DISCIPLINARY INFORMATION

Pfingsten Partners and its management persons have no legal or disciplinary events that are material to an investor’s evaluation or its advisory business or integrity of its management

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Pfingsten Partners has no relationships or arrangements that are material to its advisory business or to its clients with related persons except as described below.

Other Pooled Investment Vehicles

Pfingsten Partners acts as an investment manager to the Pfingsten Funds. Such Pfingsten Funds may be organized as limited partnerships whose general partners are affiliates of Pfingsten Partners. Such affiliated general partners generally will receive the carried interest from the Funds. The terms of such arrangements are set forth in each Pfingsten Funds’ Governing Documents.

The Pfingsten Funds maintain direct investments in portfolio companies, with approximately \$846.1 million in committed assets under management (including \$382.0 million of assets under management calculated as of February 29, 2016, the date of the final closings of Pfingsten Partners Fund V, L.P. and Pfingsten Partners Fund V-A, L.P., plus \$464.1 million for all other clients calculated as of December 31, 2015). Each of the Pfingsten Funds is organized as a Delaware limited partnership.

Sponsor or Syndicator of Limited Partnerships

See “Other Pooled Investment Vehicles”, above.

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

Code of Ethics and Personal Trading

Pfingsten Partners has adopted a Code of Ethics that is intended to meet the requirements of Rule 204A-1 under the Advisers Act and to ensure that Pfingsten Partners professionals give precedence to the interests of Pfingsten Partners' clients and investors and treat all clients and Pfingsten Fund investors fairly. The Code of Ethics is designed to minimize the potential for conflicts of interest and includes policies and procedures that, among other things, require all Pfingsten Partners employees to report their personal securities holdings and transactions and to obtain pre-approval before engaging in certain types of securities transactions (including transactions in "restricted list" securities, securities in an initial public offering, and securities in a limited offering), prohibits certain investments and other transactions that could create a conflict of interest, and prohibits unlawful or otherwise inappropriate use of confidential information. Pfingsten Partners employees are required each year to acknowledge their receipt of the Code of Ethics and affirm their understanding of, and agreement to comply with, the Code of Ethics. In addition, Pfingsten Partners employees annually receive training regarding their obligations under the Code of Ethics. A copy of Pfingsten Partners Code of Ethics is available to clients and Fund investors upon request.

Pfingsten Partners may from time to time come into possession of material nonpublic or other confidential information about public companies that, if disclosed, might affect an investor's decision to buy, hold or sell a security. Under applicable law, Pfingsten Partners and its affiliates 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 Pfingsten Partners. Accordingly, if Pfingsten Partners or any of its affiliates comes into possession of material nonpublic or other confidential information with respect to any public company, Pfingsten Partners would be prohibited from communicating such information to clients. Pfingsten Partners shall have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law.

Material Financial Interest in Transactions

Principals and employees of Pfingsten Partners and its affiliates may directly or indirectly own an interest in the Pfingsten Funds, including through certain co-investment vehicles. Such vehicles may invest in one or more of the same portfolio companies as the Pfingsten Funds, subject to any restrictions set forth in the Governing Documents.

BROKERAGE PRACTICES

Given the nature of its advisory services, Pfingsten Partners does not contemplate using the services of a broker-dealer to effect client transactions. As described further under “Client Referrals and Other Compensation,” Pfingsten Partners may enter into solicitation arrangements pursuant to which it compensates placement agents that are broker-dealers for referrals of potential investors in Pfingsten Partners’ clients, the Pfingsten Funds.

ALLOCATION OF INVESTMENT OPPORTUNITIES

Pfingsten Partners will determine the allocation of an investment opportunity in a manner that it believes is fair and equitable to its clients consistent with Pfingsten Partners’ obligations and may take into consideration factors such as the following: the client’s investment restrictions and objectives (set forth in the Governing Documents and each Fund’s Private Placement Memorandum), available investment opportunities and dollars available for investing by the client, and strategy considerations, such as geography, time and diversification.

TRANSACTIONS BETWEEN FUNDS AND LIMITED PARTNERS

While uncommon, certain situations may arise where a limited partner in a Fund managed by Pfingsten Partners may buy a portfolio company from a Fund managed by Pfingsten Partners and such business opportunities may not be appropriate or available to all limited partners. Pfingsten Partners has policies and procedures in place in the event such an opportunity should arise. In the event Pfingsten Partners is provided a purchase or sale opportunity involving a transaction between a Fund and a limited partner, it will discuss the potential transaction with the advisory board of the Fund that will be purchasing or selling such portfolio company and disclose the transaction to limited partners of the applicable Fund or Funds.

CO-INVESTMENT OPPORTUNITIES

While co-investments by limited partners are uncommon in Pfingsten Partners' currently active Funds, Pfingsten Partners may, on occasion, offer co-investment opportunities to certain of its Funds' limited partners. Co-investment opportunities are offered to limited partners in the sole discretion of the general partner of the applicable Fund based on various factors, including but not limited to, indications of interest, the ability of a limited partner to react promptly to co-invest opportunities and a limited partner's capital commitments to the Fund. Limited partners that are provided co-investment opportunities may also be provided the opportunity to sit on the board of directors or similar governing body of the applicable portfolio company. Holding a position on a board of directors or similar governing body of a portfolio company may provide such limited partners with voting rights, access to information and potentially the ability to influence the operations and decision-making of such portfolio company not necessarily available to other limited partners. Additionally, such co-investment opportunities may be made available on different terms than the terms offered to investors in the Funds (e.g., co-investors may not be charged a management fee or a carried interest in connection with their co-investment). Pfingsten Partners may, but is under no obligation to, provide co-investment opportunities to the Funds' limited partners or other persons.

REVIEW OF ACCOUNTS

Pfingsten Partners conducts ongoing review of its clients' accounts and Pfingsten Fund investments. By playing an active role in each stage of the investment (pre-investment due diligence, post-investment or ongoing monitoring, and post-divestiture escrow-related monitoring), Pfingsten Partners gathers information that helps it to better manage existing investments, ensure accurate and timely Fund reporting, and make new investments.

With respect to Pfingsten Fund review, responsibilities include analyzing the partnership's quarterly reports, conducting annual meetings, advisory board and informal meetings, and managing the underlying portfolio companies. Review and monitoring also includes gathering portfolio company information required in assessing valuations, checking allocations of income and loss; and reviewing the distribution procedures and allocations, and approving any necessary amendments or extensions of the private equity funds' partnership documents.

With respect to each portfolio company, once an investment decision is made, the Pfingsten Partners' transaction team is responsible for that investment with involvement from other Pfingsten Partners investment professionals, as appropriate. Review and monitoring includes monthly assessments of the company's and management's performance opposite budget and expectations, with detailed financial statement review conducted continually.

Each quarter, the portfolio information contained in Pfingsten Partners' database is updated, including partnership interest valuations, transactions (i.e., capital calls and distributions), and the underlying portfolio company information. For each underlying portfolio company investment, Pfingsten Partners tracks its location, business description, industry and sub-industry code and the partnership's cost and value. Pfingsten Partners also tracks cumulative liquidations and write-downs of the portfolio company holdings. Pfingsten Partners uses its database to calculate the performance of the portfolio.

At the end of a partnership's life, Pfingsten Partners monitors for proper accounting and administration of allocations, distributions, and claw backs. Members of Pfingsten Partners' client service team periodically check to confirm that each Pfingsten Fund is maintained in accordance with its stated objectives.

With respect to Pfingsten Funds, one or more of Pfingsten Partners Managing Directors currently serve on the board of directors in each of its active portfolio company investments. Certain members of each portfolio company's transaction team participate in the audit and compensation meetings of Pfingsten Fund portfolio companies and are often involved with the recruitment of new management team members. Pfingsten Partners seeks to exit Pfingsten Fund investments through a successful sale of stock or assets. The probability and timing of these exits vary across the portfolio and are highly dependent upon the specific progress made by a given company. While Pfingsten Partners investment professionals are always cognizant of opportunities to take advantage of favorable exit environments, their focus is primarily on building better businesses.

Pfingsten Partners provides annual audited and quarterly unaudited financial statements of the Funds to investors in the Funds. Each year, Fund investors are also provided with information relevant to their annual tax returns.

CLIENT REFERRALS AND OTHER COMPENSATION

Client Referrals

From time to time, Pfingsten Partners 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 Pfingsten Fund. The payment of such fee is subject to compliance with federal securities laws or applicable exemptions to such laws. Any fees and expenses payable to any such placement agents will be borne by Pfingsten Partners directly or indirectly through an offset against the management fee.

Portfolio Company Fees

Pfingsten Partners investment professionals provide various management and financial analysis services to companies in Pfingsten Fund portfolio companies, receiving compensation for these services from the companies to which they are provided in the amount of 1.75% of the Pfingsten Funds' equity contribution. As discussed under "Fees and Compensation," the management fee payable by a Pfingsten Fund will be reduced by 75% for any applicable fees received by a Pfingsten Fund general partner, Pfingsten Partners, or their respective affiliates from portfolio companies, as well as by any break-up or other fees from broken deals. Any such fees and/or proceeds received usually will reduce the fee payable by the Pfingsten Fund in the quarter immediately following receipt. Any reimbursement by a portfolio company of out-of-pocket expenses incurred by a Pfingsten Fund general partner, Pfingsten Partners, or their respective affiliates will not be offset against the fee payable by the Pfingsten Fund.

Success Fee Arrangements

From time to time, a Pfingsten Fund portfolio company may pay success fees to certain persons that source transactions to such Pfingsten Fund. Such success fees are payable only upon the successful closing of a transaction, are paid in connection with the other transaction expenses incurred by the portfolio company and may take the form of cash and/or securities. The payment of such success fee is subject to compliance with federal securities laws (including those regarding the registration of brokers and dealers) or applicable exemptions to such laws. Persons eligible to receive such success fees may include, among others, executives of portfolio companies held by Pfingsten Funds or limited partners in Pfingsten Funds.

CUSTODY

Pfingsten Partners is deemed to have custody of the assets and securities of the Pfingsten Funds that are organized as limited partnerships, indirectly through its affiliates, who are the general partners of the Funds, and is therefore subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, Pfingsten Partners complies with the "pooled vehicle annual audit exception" of the Custody Rule by delivering to the investors in the Pfingsten Funds audited financial statements of the Pfingsten Funds, prepared in accordance with generally accepted accounting principles, within 120 days of each Pfingsten Funds' fiscal year-end pursuant to the terms of each Pfingsten Funds' Governing Documents.

Pfingsten Fund investors should review carefully any audited financial statement of the Fund in which they invest.

INVESTMENT DISCRETION

Pfingsten Partners has discretionary authority to manage investments on behalf of the Funds. As a general policy, Pfingsten Partners does not allow clients to place limitations on this authority.

VOTING CLIENT SECURITIES

Policy Regarding Proxy Voting

Pfingsten Partners recognize that voting rights have economic value and that the exercise of such voting rights is an important part of their fiduciary duties. Pfingsten Partners Directors will evaluate shareholder issues that may have an impact on the economic value of an investment and will vote on those issues with a view toward maximizing the ultimate economic value of such investment during the time period in which Pfingsten Partners expects to hold the investment. All proxies will be voted prudently, considering the prevailing circumstances, and consistent with both the fiduciary standards of the Advisers Act and ERISA.

Proxy Voting Procedures

All amendments to partnership agreements and shareholder votes by privately held direct portfolio companies are recorded by Pfingsten Partners Directors as proxy votes.

The following procedures are performed when proxies are received by Pfingsten Partners Directors:

- The individual responsible for the investment ensures all materials are received and all proxies are voted.

FINANCIAL INFORMATION

Pfingsten Partners has no financial commitments that impair its ability to meet contractual or fiduciary obligations to its Pfingsten Funds, and has not been subject to any insolvency proceedings.