

INVESTMENT ADVISER BROCHURE  
**PFINGSTEN PARTNERS, L.L.C.**  
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March 29, 2018

**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](mailto: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](http://www.adviserinfo.sec.gov).

## ITEM 2

### MATERIAL CHANGES

This Brochure, dated as of March 29, 2018, amends and replaces the Brochure dated as of March 29, 2017 (the “2017 Brochure”). This Brochure includes changes relating to the amount of our assets under management and other non-material changes to our 2017 Brochure.

ITEM 3

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## ITEM 4

### 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 and together with any future private investment fund, the “Funds” and each individually, a “Fund”). As disclosed in Part 1A of the Form ADV, no single shareholder controls more than 25% of Pfingsten Partners.

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”) will, in most cases, serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the relevant Fund.

Pfingsten Partners provides investment advisory services to the Funds which invest directly in portfolio companies. As of December 31, 2017, Pfingsten Partners managed approximately \$753 million in client assets.

Pfingsten Partners’ advisory services for 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.” Investment restrictions, if any, are detailed in the Funds’ Governing Documents.

#### *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.

## ITEM 5

### FEES AND COMPENSATION

Pfingsten Partners charges management fees to the Funds which are passed on to the Funds' limited partners 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 Funds, and such additional compensation will be credited in part to the applicable Fund in the form of an offset to the management fee. Please see Item 14: Client Referrals and Other Compensation for a further description of such fees. Fund limited partners also bear certain Fund expenses which are further described below.

The 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 Fund, as applicable, and limited partners generally are not permitted to withdraw or redeem interests in a Fund.

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

Each Fund's general partner charges its respective Funds a gross annual management fee equal to 2.0% of the aggregate commitments to such Fund. The gross annual management fee is reduced by 75% of any portfolio company management or advisory fees 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. These management or advisory fees are further described in Item 14: Client Referrals and Other Compensation. The management fee charged to the Funds will be reduced to 2.0% of investment contributions (i.e., the cost basis of existing portfolio companies) generally after a period of five to five-and-a-half years. If the advisory contract is terminated before the end of any full three-month billing period, the Funds will be eligible for a refund for the pro rata portion of the prior installment payment of the Management Fee based on the actual number of days in such period.

Each 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. The use by the general partner of both an annual management fee which is based on assets under management and a carried interest based on a percentage of net profits may create a conflict of interest and create an incentive for the general partner to cause the Funds to make riskier or more speculative investments than would otherwise be the case.

In addition to the management fee and carried interest payable to Pfingsten Partners, the Funds may be required to pay all fees, costs, expenses, liabilities and obligations relating to the applicable Fund's activities, investments and business (to the extent not borne or reimbursed by a portfolio company), including, without limitation: (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of the applicable Fund's investments, including follow-on investments and refinancings (including interest on money borrowed by or on behalf of the applicable Fund, registration expenses and brokerage, finders', custodial and other fees); (ii) legal, administration, accounting, auditing, consulting, custodian, depository, financing, filing and other fees and expenses

(including, without limitation, fees, costs and expenses associated with the preparation, distribution or filing of (A) the Fund's financial statements, tax returns, tax estimates or Schedule K-1s, (B) any other administrative, regulatory or other Fund-related filing or reporting to the limited partners, or (C) other information (including an allocable portion of any licensing, maintenance, upgrade and/or implementation fees, expenses and costs of any investor administrative tools (including software and extranet tools) related to the foregoing); (iii) each Fund's pro rata share of the fees, costs and expenses of the relevant Fund's Advisory Board; (iv) all fees, costs, expenses, liabilities and obligations incurred by the Fund (including, without limitation, insurance (including directors and officers and errors and omissions liability insurance), travel, consulting, litigation and indemnification costs and expenses, judgments and settlements, finders', financing, appraisal, filing and other fees and expenses); (v) all fees, costs, expenses, liabilities and obligations incurred by the Fund, the general partner of such Fund or any Pflugstein person relating to investment and disposition opportunities for the Fund not consummated (including, without limitation, legal, accounting, auditing, insurance, travel, consulting, finders', financing, real estate title and appraisal, filing, printing, survey and other fees and expenses); (vi) all unreimbursed out-of-pocket fees, costs and expenses incurred by a Fund, the general partner of such Fund or any Pflugstein person in connection with any conference or meeting of the limited partners, including the annual meetings of the limited partners and any other conference or meeting with any limited partner(s); (vii) any taxes, fees and other governmental charges levied against a Fund, (viii) any placement fees, (ix) costs and expenses that are classified as extraordinary expenses under GAAP, (x) all fees, costs and expenses incurred in connection with the organization, management, operation, and dissolution, liquidation and final winding up of any alternative investment vehicles, (xii) any organizational expenses, and (xiii) unreimbursed costs and expenses incurred in connection with any transfer contemplated by the Governing Documents but not including (A) ordinary overhead and administrative expenses which are payable by the general partner or Pflugstein Partners as contemplated by the Fund's Governing Documents and (B) any expenses included in the definition of "investment contributions," as defined in the Governing Documents.

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

## ITEM 6

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

As described in greater detail under Item 5: Fees and Compensation, the Pfingsten Partners may receive a performance-based fee in the form of a carried interest from the Funds.

## ITEM 7

### TYPES OF CLIENTS

Pfingsten Partners provides investment advice to the Funds. The 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 limited partners participating in 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 increase or decrease the minimum investment amount, and may allow deviations from such amounts for specific limited partners. Prior to investing in a Fund, a limited partner is required to complete a subscription agreement and limited partner qualification statement containing representations needed to establish the limited partner’s eligibility to invest in the Fund. For more information regarding limited partner qualifications, please see the applicable Fund’s Governing Documents.



## ITEM 8

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

#### Methods of Analysis

Pfingsten Partners' investment decision making process for the 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 professional, 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.

#### 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 Funds, typically invests a minimum of 50% equity into the capital structure of each portfolio company and seeks to create value through operational improvements, professional management practices, global capabilities and profitable business growth. Pfingsten Partners seeks to exit 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 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 Funds, seeks investments in companies that generally meet the following investment criteria:

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

- Pfingsten Partners does not intend to make direct investments in: (i) real estate; (ii) natural resource companies; (iii) highly regulated businesses such as banks, insurance companies and utilities; (iv) retail businesses; (v) restaurant chains; (vi) early stage companies; and (vii) technology or telecommunication companies.

### **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 Funds and their limited partners. The risks may include, but are not limited to:

### Business Risks

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

### *Investment in Junior Securities*

The 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 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, the Funds may invest in fewer portfolio companies and thus be less diversified.

### *Lack of Sufficient Investment Opportunities*

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

### *Illiquidity; Lack of Current Distributions*

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

### *Limited Transferability of Fund Interests*

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

### *Restricted Nature of Investment Positions*

Generally, there will be no readily available market for investments made by the Funds, and hence, most of such Funds' investments will be difficult to value. Certain investments may be distributed in-kind to limited partners 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 limited partners. 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 Funds have no operating history and will be entirely dependent on Pfingsten Partners. Control over the operation of the Funds will be vested entirely with Pfingsten Partners, and the 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 Funds' ability to realize its investment objectives. Funds' limited partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend entirely on the actions of Pfingsten Partners. Although Pfingsten Partners will monitor the performance of each 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 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 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 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 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 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 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 Governing Documents will limit the circumstances under which a general partner and its affiliates will be held liable to the applicable Fund. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, such Governing Document will provide that the 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 Fund. Such indemnification obligations could materially impact the returns to limited partners.

### Advisory Board

The general partner of the Fund will appoint one or more limited partner representatives to an advisory board of each 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 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.

### Conflicts of Interest

Pfingsten Partners manages the Funds, and will continue to form additional private investment funds. As Pfingsten Partners invests and manages assets for the 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 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 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 Fund or any individual limited partner. A 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-investor or partner may at any time have economic or business interests or goals that are inconsistent with those of the applicable 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-investor or partner. See “Co-Investment Opportunities,” below.

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

## ITEM 9

### DISCIPLINARY INFORMATION

Pfingsten Partners and its management persons have no legal or disciplinary events that are material to a limited partner's evaluation or its advisory business or integrity of its management.

## ITEM 10

### 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 Funds. Such 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 Fund's Governing Documents.

The Funds maintain direct investments in portfolio companies, with approximately \$753 million in committed assets under management as of December 31, 2017. Each of the Funds is organized as a Delaware limited partnership.

#### Sponsor or Syndicator of Limited Partnerships

See "Other Pooled Investment Vehicles" above.

## ITEM 11

### 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 limited partners and treat all clients and Fund limited partners fairly. The Code of Ethics is designed to minimize the potential for conflicts of interest and includes policies and procedures that, among other things: (i) require all Pfingsten Partners employees to report their personal securities holdings and transactions; (ii) 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); (iii) prohibit certain investments and other transactions that could create a conflict of interest; and (iv) prohibit unlawful or otherwise inappropriate use of confidential and/or material nonpublic information. Pfingsten Partners employees are required each year to acknowledge their receipt of the Code of Ethics and affirm their understanding of, and agree 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 prospective clients and Fund limited partners 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 a limited partner'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 Funds, including through certain co-investment vehicles. Such vehicles may invest in one or more of the same portfolio companies as the Funds, subject to any restrictions set forth in the Governing Documents.

#### 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), 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 limited partners 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.

## ITEM 12

### 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 Item 14: 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 limited partners in Pfingsten Partners' clients, the Funds.

## ITEM 13

### REVIEW OF ACCOUNTS

Pfingsten Partners conducts ongoing review of its clients' accounts and 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 Fund review, responsibilities include analyzing the Fund'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, reviewing distribution procedures and allocations, and approving any necessary amendments or extensions of the Funds' Governing Documents.

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

Each quarter, the portfolio information contained in Pfingsten Partners' database is updated, including Fund 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 sector 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 Fund'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 Fund is maintained in accordance with its stated objectives.

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

## ITEM 14

### 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 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 Fund portfolio companies, receiving compensation for these services from the companies to which they are provided in the amount of no more than 1.75% of the aggregate equity invested by, and alongside, the respective Fund in such portfolio companies. This fee represents the additional services provided by Pfingsten Partners to the Funds' portfolio companies and may be customized based on the level of such services provided. Pfingsten Partners renders consulting, advisory and other special services and expertise to portfolio companies and their subsidiaries, including, but not limited to, being available to consult with and render such services to the portfolio companies and their subsidiaries as such board of directors or other governing body of the portfolio companies may from time to time request, which services shall include providing management and advisory services, operational consulting, reviewing requests for proposals for competitive bidding of services and products for the portfolio companies, attending periodic management meetings, providing other services related to business plans and strategy, employee benefits and compensation, insurance, cash management and expenditures, accounting systems and controls, financing and bank relationships, customer and supplier relationships, and review and analysis of capital expenditures. Further, depending on the particular needs of the portfolio company, certain members of each portfolio company's transaction team may participate in the audit and compensation meetings of such portfolio company and are often involved with the recruitment of new management team members.

As discussed under Item 5: Fees and Compensation, the management fee payable by a Fund will be reduced by 75% for any applicable fees received by a 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 Fund in the quarter immediately following receipt. Any reimbursement by a portfolio company of out-of-pocket expenses incurred by a Fund general partner, Pfingsten Partners, or their respective affiliates will not be offset against the fee payable by the Fund.

#### Success Fee Arrangements

From time to time, a Fund portfolio company may pay success fees to certain persons that source transactions to such 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 Funds or limited partners in Funds.

## ITEM 15

### CUSTODY

Pfingsten Partners is deemed to have custody of the assets and securities of the 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 limited partners in the Funds audited financial statements of the Funds, prepared in accordance with generally accepted accounting principles, within 120 days of each Funds’ fiscal year-end pursuant to the terms of each Funds’ Governing Documents.

Fund limited partners should review carefully any audited financial statement of the Fund in which they invest.

## ITEM 16

### 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.

The general partner of the Fund reviews the Governance Documents of the relevant Fund to ensure (i) compliance with any investment restrictions agreed to in such documents and (ii) that the general partner has proper authority to assume discretionary investment authority.

## ITEM 17

### 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.

## ITEM 18

### FINANCIAL INFORMATION

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



**BROCHURE SUPPLEMENT  
FORM ADV PART 2B**

**THOMAS S. BAGLEY  
JAMES J. NORTON  
JOHN H. UNDERWOOD  
SCOTT A. FINEGAN  
DENIO R. BOLZAN  
JOHN J. STARCEVICH**

**Pfingsten Partners, L.L.C.  
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Chicago, IL 60654  
(312) 222-8707  
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**March 29, 2018**

**This brochure supplement provides information about certain supervised persons of Pfingsten Partners, L.L.C. ("Pfingsten") that supplements Pfingsten's brochure. Please contact Andrew W. Petri at 312-222-8707 if you have any questions about the contents of this supplement.**

## **THOMAS S. BAGLEY**

### **Educational Background and Business Experience**

Thomas S. Bagley, age 65, holds a B.A. in Economics, with honors, from North Park College and an M.B.A. in Finance from DePaul University.

Mr. Bagley founded Pfingsten in 1989 and has been involved in all aspects of Pfingsten's activities since its formation.

Prior to the formation of Pfingsten, Mr. Bagley was employed by Citicorp North America, Inc. as the Midwest Area Head of the Leveraged Capital Group in Chicago from 1984 to 1988, where he was responsible for leveraged acquisition activities in 12 Midwestern states. From 1975 to 1984 he held various management and lending positions at Continental Bank, N.A. in Chicago and Cleveland.

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Pfingsten has adopted a Compliance Manual and Code of Ethics to which each supervised person is subject. Andrew W. Petri, Chief Compliance Officer, 312-222-8707, supervises Pfingsten's and its employees' compliance with applicable rules and regulations.

## **JAMES J. NORTON**

### **Educational Background and Business Experience**

James J. Norton, age 61, holds a B.A. in Accounting from the University of Illinois-Chicago and is a Certified Public Accountant.

Mr. Norton joined Pfingsten in 2000. Mr. Norton has been involved in all aspects of Pfingsten's activities and leads the firm's operating team.

Prior to joining Pfingsten, Mr. Norton was President of Washington Specialty Metals, and a senior executive with its successor company, Lukens, Inc. from 1986 to 1999. Before 1986, he was Director of Coopers & Lybrand's Emerging Business Services Group, a middle-market audit, tax and business consulting practice.

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Pfingsten has adopted a Compliance Manual and Code of Ethics to which each supervised person is subject. Andrew W. Petri, Chief Compliance Officer, 312-222-8707, supervises Pfingsten's and its employees' compliance with applicable rules and regulations.

## **JOHN H. UNDERWOOD**

### **Educational Background and Business Experience**

John H. Underwood, age 59, holds a B.B.A. in Accounting and Finance and an M.B.A. in Finance from the University of Wisconsin.

Mr. Underwood joined Pfingsten in 1996. Mr. Underwood has been involved in all aspects of Pfingsten's activities and leads the firm's corporate finance team.

Prior to joining Pfingsten, Mr. Underwood was employed by Heller Equity Capital Corporation ("Heller") from 1989 to 1996, where he was one of five individuals responsible for creating and implementing Heller's private equity investment strategy. From 1986 to 1989, he was a Vice President in the Midwest Leveraged Capital Group at Citicorp North America, Inc., where he worked with Mr. Bagley, Pfingsten's founder.

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Pfingsten has adopted a Compliance Manual and Code of Ethics to which each supervised person is subject. Andrew W. Petri, Chief Compliance Officer, 312-222-8707, supervises Pfingsten's and its employees' compliance with applicable rules and regulations.

## **SCOTT A. FINEGAN**

### **Educational Background and Business Experience**

Scott A. Finegan, age 49, holds a B.S. in Business Administration from Marquette University and an M.B.A. in Finance and Marketing from Northwestern University.

Mr. Finegan joined Pfingsten in 1997, as a member of the corporate finance team. Mr. Finegan has been involved in business development and transaction activities (such as generating, screening and processing platform company investment opportunities, add-on acquisitions and divestitures), financing activities, investment management activities and currently leads the business development function.

Prior to joining Pfingsten, Mr. Finegan was a Vice President at American National Bank and Trust Company of Chicago from 1991 to 1997. From 1990 to 1991, he was an Analyst at Horizon Partners, Ltd., a private equity investment firm in Milwaukee, Wisconsin.

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Pfingsten has adopted a Compliance Manual and Code of Ethics to which each supervised person is subject. Andrew W. Petri, Chief Compliance Officer, 312-222-8707, supervises Pfingsten's and its employees' compliance with applicable rules and regulations.

## **DENIO R. BOLZAN**

### **Educational Background and Business Experience**

Denio R. Bolzan, age 61, holds a B.S. in Commerce from DePaul University and is a Certified Public Accountant.

Mr. Bolzan joined Pfingsten in 2000, as a member of the operating team. Mr. Bolzan has been involved in screening investment opportunities, operational due diligence, investment management activities, and the development of best practice forums.

Prior to joining Pfingsten, Mr. Bolzan was Central Region Vice President of Operations at Ryerson Tull, Inc. from 1999 to 2000. From 1990 to 1998, he was employed by Washington Steel Corporation and its successor, the Washington Specialty Metals division of Lukens, Inc. as a Vice President of Operations and Vice President of Finance. Before 1990, he was a Manager in Coopers & Lybrand's Emerging Business Services Group, a middle-market audit, tax and business consulting practice.

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Pfingsten has adopted a Compliance Manual and Code of Ethics to which each supervised person is subject. Andrew W. Petri, Chief Compliance Officer, 312-222-8707, supervises Pfingsten's and its employees' compliance with applicable rules and regulations.

## **JOHN J. STARCEVICH**

### **Educational Background and Business Experience**

John J. Starceвич, age 60, holds a B.S. in Accounting and Business Administration from St. Joseph College, an M.B.A. in Finance from the University of Chicago and is a Certified Public Accountant.

Mr. Starceвич joined Pfingsten in 2000 as a member of the operating team. Mr. Starceвич has been involved in screening investment opportunities, operational due diligence, investment management activities, and the development of best practice forums.

Prior to joining Pfingsten, Mr. Starceвич was Chief Financial Officer of the Washington Specialty Metals division of Lukens, Inc. from 1995 to 2000. From 1990 to 1995, he was employed by Jupiter Mechanical, a mechanical construction company, and Jupiter Industries, Inc., a private holding company, as Treasurer and Corporate Controller. Before 1990, he was a Manager in Coopers & Lybrand's Emerging Business Services Group, a middle-market audit, tax and business consulting practice.

### **Disciplinary Information**

None.

### **Other Business Activities**

None.

### **Additional Compensation**

None.

### **Supervision**

Pfingsten has adopted a Compliance Manual and Code of Ethics to which each supervised person is subject. Andrew W. Petri, Chief Compliance Officer, 312-222-8707, supervises Pfingsten's and its employees' compliance with applicable rules and regulations.