

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

LOVELL MINNICK PARTNERS LLC

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July 3, 2018

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Lovell Minnick Partners LLC (“Lovell Minnick Partners”). If you have any questions about the contents of this Brochure, please contact us at (610) 995-9660. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Lovell Minnick 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 any specific level of skill or training.

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

Item 2 Material Changes

Since the last version of this Brochure dated March 30, 2018, the Brochure has been revised to further update the description of Lovell Minnick's (as defined below) advisory business.

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Lovell Minnick Partners LLC Brochure

Item 4 Advisory Business

Lovell Minnick Partners, the registered investment adviser, is a Delaware limited liability company. Lovell Minnick Partners and its affiliated investment advisers provide “investment supervisory services” to their clients, which consist of private investment-related funds. Lovell Minnick Partners is controlled by its sole member, Lovell Minnick Holdings LLC (“**Lovell Minnick Holdings**”) and together with Lovell Minnick Partners, its affiliates and its predecessors, “**Lovell Minnick**”), which is managed by its sole manager, Lovell Minnick Partners Inc., and owned by its ten Partners, being Jeffrey D. Lovell, James E. Minnick, Steven C. Pierson, Robert M. Belke, John D. Cochran, Spencer P. Hoffman, W. Bradford Armstrong, Jason S. Barg, Trevor C. Rich and Jennings J. Newcom. Lovell Minnick Partners Inc. is, in turn, managed by a Board of Directors composed of Messrs. Lovell, Minnick and Newcom. Mr. Lovell, through his interest in Lovell Minnick Holdings, is the principal owner of Lovell Minnick Partners. Lovell Minnick Partners was organized in November 2003, as the successor to a private investment advisory business formed by Messrs. Lovell and Minnick in 1999.

The following are the affiliated advisers of Lovell Minnick Partners (the “**General Partners**,” and together with Lovell Minnick Partners, the “**Managers**”):

General Partners

- Lovell Minnick Equity Advisors II LLC (“**Lovell Minnick II GP**”)
- Lovell Minnick Equity Advisors III LP (“**Lovell Minnick III GP**”)
- Lovell Minnick Equity Advisors IV LP (“**Lovell Minnick IV GP**”)

Each General Partner listed above is registered under the Advisers Act pursuant to Lovell Minnick Partners’ registration, in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner, which are under common control with and operate as a single advisory business together with Lovell Minnick Partners.

The Managers’ clients include the following (collectively the “**Partnerships**” and together with any private investment fund to which Lovell Minnick Partners or its affiliates now or in the future provides investment advisory services, the “**Funds**”):

- Lovell Minnick Equity Partners II LP
- Lovell Minnick Equity Partners III LP
- Lovell Minnick Equity Partners III-A LP
- Lovell Minnick Equity Partners IV LP
- Lovell Minnick Equity Partners IV-A LP

The General Partners listed above each serve as the general partner to one or more Funds and have the authority to make all investment decisions for the Funds to which they provide advisory services. In addition to the Funds listed above, the General Partners currently also manage and have decisional authority with respect to the following Funds, which were formed to facilitate arrangements with certain co-investors by aggregating investments in an underlying portfolio company made by one or more Partnerships and such co-investors, which may include certain limited partners of one or more of the Partnerships: (a) LM Matthews Holdings III LLC and LM Matthews Holdings III-A LLC, (b) LM LSQ Investors LLC, and (c) LM Tortoise Investment Holdings IV Co-Investment LLC and LM Tortoise Holdings Co-Investment LLC (each such Fund, together with any Funds formed in the future to facilitate aggregate Partnership and co-investor investments, the “**Co-Investment Aggregators**”). Further, the General Partners in the future may form, advise and manage other Funds which are co-investment vehicles that are not used to aggregate investments by a Partnership and a Partnership’s investors (each such Fund, together with similar entities formed in the future by the General Partners, the “**Parallel Co-Investment Entities**”).

All Partnerships, Co-Investment Aggregators and Parallel Co-Investment Entities, including those that may be formed by a General Partner (or its affiliates) at a later date or that may otherwise become clients of a General Partner are, in each case, expected to invest through negotiated transactions in existing or newly formed operating entities, generally referred to herein as “**portfolio companies**.” The Managers’ investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating investments, monitoring and managing investments and achieving dispositions for such investments. Investments are made predominantly in nonpublic companies, although investments in public companies are permitted. Lovell Minnick senior personnel serve on each portfolio company’s board of directors or other primary governing body, or otherwise have the ability to (a) regularly obtain information from or (b) influence organizational control or management of, portfolio companies. Lovell Minnick does not directly participate in the provision of products or services by its portfolio companies.

The Managers’ advisory services for Funds are further described in each Fund’s (a) private placement memorandum and (b) limited partnership agreement or other governing document (a “**Partnership Agreement**”), as well as below under “Methods of Analysis, Investment Strategies and Risk of Loss” and “Investment Discretion.” Investors in Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints or for other agreed upon reasons. The Managers have entered into side letters or other similar agreements (“**Side Letters**”) with specific limited partners that have the effect of establishing rights under or altering or supplementing a Fund’s Partnership Agreement or that investor’s subscription agreement, which may include provisions relating to the Management Fee (as defined below) and distributions, other economic terms or fee structures, excuse rights, information rights, or transfer rights, among others.

As permitted by the relevant Partnership Agreement or other governing document, the Managers may provide (or agree to provide) opportunities to participate in Co-Investment Aggregators or Parallel Co-Investment Entities to certain investors or other persons, including other private equity sponsors. Such co-investments generally involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Partnership making the investment when Co-Investment Aggregators are used.

As of May 31, 2018, Lovell Minnick Partners managed \$2,166,623,692 in client assets on a discretionary basis.

Item 5 Fees and Compensation

Each Partnership's General Partner receives an annual management fee (the "**Management Fee**") and a carried interest in connection with the provision of advisory services. The precise amount of, and the manner of calculation of, the Management Fee differs among the various Partnerships, depending upon where it is in the life of that particular Fund. In addition, Funds may have Management Fees calculated on varying formulas, such as the size of the particular investor's commitment, but only if and to the extent permitted by that entity's Partnership Agreement, applicable Side Letters or other governing documents. Co-Investment Aggregators do not pay a separate Management Fee, carried interest or transaction fees, but Parallel Co-Investment Entities may in specific cases pay a Management Fee, carried interest and/or transaction fees, in accordance with such Parallel Co-Investment Entity's Partnership Agreement. Any such compensation received from Parallel Co-Investment Entities does not offset or reduce the Management Fee paid by any other Partnership.

The General Partners or their affiliates receive additional compensation in connection with management and other services performed for certain portfolio companies of Funds formed prior to Lovell Minnick Equity Partners IV LP and Lovell Minnick Equity Partners IV-A LP, and such additional compensation offsets in whole or in part the Management Fees otherwise payable to the applicable General Partner. The Partnership Agreements for Lovell Minnick Equity Partners IV LP and Lovell Minnick Equity Partners IV-A LP allow the General Partners or their affiliates to receive such compensation as well, but the General Partner does not expect to take such compensation from those Funds.

Investors in Funds also bear the Fund expenses described below and in each Fund's specific Partnership Agreement or other governing document.

With respect to each Fund that pays a Management Fee, such fee is initially equal to a fixed percentage of aggregate investor capital commitments to the Fund ("**Commitments**"). An investor participating in a closing after the initial closing of that Fund is required to bear its share of the Management Fee already paid by the earlier partners in the Fund, plus interest, as provided in that Fund's Partnership Agreement. Such Management Fee is reduced upon the expiration of the investment period for the particular Fund or earlier upon the occurrence of certain other events as described in the applicable Partnership Agreement. The Management Fee generally will be payable until all portfolio investments are distributed or until a General Partner's relationship with the applicable Fund is terminated for other reasons (as described in the applicable Partnership Agreement). Installments of the Management Fee payable for any period other than a full Management Fee period are adjusted on a *pro rata* basis according to the actual number of days in such period.

The Management Fee is typically payable by a Fund to the applicable General Partner either quarterly in advance, or partially in advance and partially in arrears for each Management Fee period, as described in the applicable Partnership Agreement and any amendments thereto. In some cases, the Management Fee may be but is not required to be reduced at the discretion of the General

Partner where the term of a Fund is extended pursuant to the Partnership Agreement or where a particular subsequent Fund is formed.

Lovell Minnick and/or its affiliates generally have discretion over whether to charge transaction fees or other fees to a portfolio company and, if so, the fee rate or amount. The receipt of such fees gives rise to conflicts of interest between the Funds, on the one hand, and Lovell Minnick and/or its affiliates on the other hand. A Fund's Management Fee is reduced by a specified percentage of the Fund's *pro rata* share of any of the following which is received by that Fund's Manager: directors' fees, consulting fees, advisory fees earned with respect to any Fund investment, any transaction fees and monitoring fees with respect to any Fund investment, and any break-up fees with respect to Fund transactions not completed (in each case as specified in the applicable Partnership Agreement). Such fees may be substantial. Funds that do not charge Management Fees do not share in any offsets. The remaining amount of the aforementioned fees that are retained by the applicable General Partner without offset against the Management Fee are hereinafter referred to as "**Supplemental Fees.**" To the extent that multiple Funds (including Co-Investment Aggregators and Parallel Co-Investment Entities) invest in any portfolio company investment, any Supplemental Fees will be allocated to each Fund in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each Fund. Accordingly, a Fund that pays a Management Fee will only benefit through the offset to the Management Fee described above with respect to its allocable portion of any such Supplemental Fee and not the portion of any fee allocable to any other Fund, Co-Investment Aggregator or Parallel Co-Investment Entity investing in such portfolio company.

Additionally, from time to time certain persons (referred to as "**Lovell Minnick Senior Advisors**"), who are paid consultants to Lovell Minnick but are not employees of Lovell Minnick, receive compensation and expense reimbursement directly from the Funds and the Funds' portfolio companies for services provided by such persons to them. The Funds indirectly bear a portion of the payments by portfolio companies due to their ownership of such portfolio companies. Such compensation is not covered by the Management Fee, and, accordingly does not reduce or offset the Management Fee payable by the related Fund. As an example, such professionals may serve as members of the boards of portfolio companies or as operating executives of portfolio companies, and in connection therewith will receive various forms of compensation directly from the portfolio company. Lovell Minnick Senior Advisors may provide sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations advice and services, pre- and post-investment due diligence, and similar services to the Funds, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Funds, or any alternative investment vehicle. Any compensation, including fees, incentive equity or other stock awards, and any reimbursement of travel and other costs, received by the Lovell Minnick Senior Advisors from the Funds do not offset or otherwise reduce the Management Fee. In addition, Lovell Minnick Senior Advisors also have the opportunity to invest directly in portfolio companies, generally at the same time and on the same terms as the Funds.

As described in the Partnership Agreement of certain Funds, the applicable General Partner has waived, and may in the future waive all or a portion of Management Fee payments for a corresponding interest in such Fund's profits, and the waived portion of such Management Fee is available to reduce the amount of capital contributions the General Partner would otherwise be required to contribute to the Fund. When waived Management Fees are used to reduce the General Partner's capital contribution, the limited partners of that Fund are required to make a *pro rata*

contribution, according to how they would have funded the waived Management Fee, to fund the contribution that would otherwise be required of the General Partner. Such contributions are treated as a deemed capital contribution by the General Partner in respect of the General Partner's Commitment. Reductions to Management Fees due to such waivers are taken into account before applying the offsets described above. The amount of such waived or reduced Management Fees may be significant.

In addition to the Management Fee, each Fund's Partnership Agreement generally provides for that Fund's General Partner to receive a carried interest in the Fund of up to 20% of all realized profits, after payment of an 8% compounded annual preferred return to the Fund limited partners and after a related General Partner catch-up (as more fully described in each Fund's Partnership Agreement). Carried interest distributed to a General Partner is subject to a potential giveback at the end of, and in the case of certain Funds, during the life of the applicable Fund, if the General Partner has received cumulative distributions to the time of determination in excess of those permitted by the applicable Partnership Agreement, based on the actual performance of the particular Fund. Co-Investment Aggregators are not charged a carried interest. In some instances, Parallel Co-Investment Entities may be charged a carried interest in accordance with the terms of any such Parallel Co-Investment Entity's Partnership Agreement.

The existence of performance-based compensation has the potential to create an incentive for Lovell Minnick to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Lovell Minnick generally considers performance-based compensation to create a positive alignment of its interests with those of its investors.

The General Partners and/or their affiliates have elected, and in the future may elect, to exempt specified investors from payment of all or a portion of Management Fees and/or carried interest, including the General Partner and any other investor designated by the General Partner.

The Funds generally invest on a long-term basis, although the timing of an investment realization may be opportunistic and therefore unpredictable. Accordingly, investment advisory and other fees are payable, except as otherwise described in the Partnership Agreement, over the term of the applicable Fund. Investors are not permitted to withdraw or redeem interests in a Fund.

In certain circumstances, the Managers also receive compensation, which can include a Management Fee and/or carried interest, for management and other services performed in connection with Parallel Co-Investment Entities that are formed to co-invest in portfolio companies alongside the Funds. The Managers have wide latitude to structure and negotiate any such parallel services, as well as the amount and manner of payment of any related compensation by such Parallel Co-Investment Entities or their investors. Any such compensation received by the Managers does not offset or reduce the Management Fee paid by any other Fund. The receipt of compensation, including performance-based compensation, in connection with such co-investments may create an incentive for the Managers to allocate investment opportunities to co-investors. However, any such allocation will be done in a manner consistent with the Managers' existing investment allocations and co-investment policies and Partnership Agreements for the relevant Fund or other vehicle.

Partners and others within Lovell Minnick receive a portion of the Management Fee through salaries and other compensation and consulting fee arrangements and participate in carried interest or other compensation received by Lovell Minnick or its affiliates.

As described in the applicable Partnership Agreement, each Fund will reimburse the applicable General Partner for that Fund's organizational and start-up expenses up to a specified amount, including legal, travel, accounting, filing, printing, consulting, capital raising and other organizational expenses. The applicable General Partner will bear the cost (which it may elect to offset against the Management Fee) of all organizational expenses in excess of such amount, if any, and of any placement fees payable to any placement agent in connection with the formation of the Partnership. Co-Investment Aggregators and Parallel Co-Investment Entities each pay their own expenses, including organizational and start-up expenses (see below in this Section 5 for information concerning Broken Deal Expenses, as defined below).

In addition to the Management Fee and carried interest payable to the applicable General Partner, a Fund will pay all other costs, expenses, liabilities, and obligations relating to the Fund's and/or its subsidiaries' activities, investments, and business that are not reimbursed by portfolio companies, including: (i) all costs, expenses, liabilities and obligations attributable to sourcing, evaluating, structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of the Fund's investments (including interest on money borrowed by the Fund or the Managers on behalf of the Fund in connection with specific investments, registration expenses and brokerage, finders', custodial, accounting, legal, investment banking, consulting, private placement and other fees and sales commissions and discounts), (ii) legal, accounting, third-party administration, custodian, depositary, auditing, insurance (including directors and officers liability and errors and omissions insurance), travel, litigation and indemnification costs and expenses, judgments and settlements, consulting, finders', financing, appraisal, filing and other fees and expenses (including expenses associated with the preparation and distribution of the Fund's financial statements, tax returns and Schedule K-1s, restructuring and amending the Fund's constituent documents, the formation of alternative investment vehicles and any other administrative or other Partnership-related reporting or filing, including fees and expenses of third party administrators and communications with Fund limited partners (the "**Limited Partners**"), (iii) expenses of each Limited Partner Advisory Board ("**Advisory Board**") incurred in accordance with the Partnership Agreement, (iv) all of the foregoing costs, expenses, liabilities and obligations incurred by the Fund, the Managers, or their affiliates relating to sourcing, evaluating, structuring and organizing investment and disposition opportunities for the Fund not consummated (including legal, accounting, auditing, insurance, travel, consulting, finders', financing, appraisal, filing, printing, real estate title, survey and other fees and expenses) ("**Broken Deal Expenses**"), including Broken Deal Expenses relating to transactions that have been offered to co-investors (other than certain co-investment vehicles, as discussed below), (v) all out-of-pocket fees and expenses incurred by the Fund, the Managers, or their affiliates in connection with the annual and other periodic (if any) meetings of the Limited Partners and any other conference or meeting with any Limited Partner(s) and Limited Partner Advisory Boards, (vi) any taxes, fees and other governmental charges levied against the Fund (except to the extent that the Fund is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Partnership Agreement), (vii) placement fees, (viii) costs and expenses that are classified as extraordinary expenses under GAAP and (ix) certain organizational expenses. The Funds also bear expenses

indirectly to the extent a portfolio company pays expenses, including expenses of Lovell Minnick, the Lovell Minnick Senior Advisors, consultants and operating partners.

Subject to a Fund's Partnership Agreement and except as otherwise described herein, Lovell Minnick or the related General Partner pays all ordinary administrative, regulatory and overhead expenses incurred by it or its affiliates in connection with maintaining and operating the adviser's own general business operations (including employees' salaries, rent, certain consulting fees and equipment expenses).

As described above, Co-Investment Aggregators and Parallel Co-Investment Entities may be utilized in connection with the consummation of a transaction, subject to Lovell Minnick's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s) to the extent applicable. Once operational, such vehicles pay all expenses applicable to their formation and operation, as well as their allocable portion of investment amounts and related expenses incurred in connection with the investment. Such allocations generally are made *pro rata* based on the amount invested by each Fund, Co-Investment Aggregator and/or Parallel Co-Investment Entity in the underlying portfolio company. If a transaction in which a co-investment was planned in order to facilitate a Partnership investment ultimately is not consummated and no Parallel Co-Investment Entity became operational, then, unless otherwise provided in agreements with potential co-investors, all Broken Deal Expenses relating to such unconsummated transaction will be borne entirely by the Partnership(s) that were to participate in the subject investment, and not by any prospective co-investment entity or investor that might have participated in such transaction.

To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in Section 9 below.

Item 6 Performance-Based Fees and Side-By-Side Management

As discussed under Section 5 ("Fees and Compensation") above, the General Partners are in most cases entitled to receive a carried interest allocation on realized profits in the Funds. The Co-Investment Aggregators are not charged a carried interest. As described above, in some cases, Parallel Co-Investment Entities may pay a carried interest. The Managers believe such arrangements do not pose a conflict of interest because Co-Investment Aggregators and Parallel Co-Investment Entities invest at substantially the same time and on substantially the same terms as the Funds and dispose of such investments in a similar manner. See Section 5, "Methods of Analysis, Investment Strategies and Risk of Loss," for discussion of potential conflicts of interest.

Item 7 Types of Clients

The Managers provide investment advice to Funds. The Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Investors participating in Funds include, but are not limited to, individuals, banks or thrift institutions, insurance companies and other investment entities, including funds of funds, family offices, state and private pension and profit-sharing plans, trusts, foundations, charitable organizations, other corporations or business entities and, directly or indirectly, principals or other employees of and advisors to Lovell Minnick and its affiliates.

The Funds generally have a minimum investment amount of \$5 million for third-party investors, although individual Commitments of lesser amounts may be accepted at the discretion of the applicable General Partner.

Investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and are required to be “qualified purchasers,” which may include “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended.

The General Partners have complete and sole discretion with respect to each Fund investment to determine whether or not there will be co-investors, whether some or all of the Limited Partners of the applicable investing Fund will be invited to participate as co-investors, and the allocation of co-investment opportunities among participants. Various factors influence which investors are invited to invest in a particular co-investment, including minimum investment size, the ability of the investor to fund the investment on a timely basis, historically expressed interest in co-investments, ability to participate in anticipated follow-on investments and for strategic or other reasons.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

General

The Managers seek to generate returns for their investors over an intermediate investment horizon through mid-market buyout and growth equity investments in financial and business services companies and related technology companies.

The Managers seek to achieve the Funds’ goals by investing in companies that have meaningful growth potential and where the management teams are committed to increasing equity value through a variety of methods including internal investment, acquisitions, prudent use of leverage and expense rationalization.

The following is a summary of the investment strategies and methods of analysis generally employed by the Managers on behalf of the Funds and a summary of certain risks involved with the Managers’ investment strategy and an investment in the Funds. More detailed descriptions of the Funds’ investment strategies and methods of analysis and risks are included in the applicable private placement memorandum for each Fund. There can be no assurance that the Managers will achieve the investment objectives of the Funds, and a loss of investment is possible.

Investment and Operating Strategy

The Managers seek to capitalize on opportunities by:

- Providing capital and industry knowledge in support of buyouts, recapitalizations and business expansions;
- Applying their experienced advice to evaluate and fund new product and service offerings, technology enhancement or marketing initiatives;
- Leveraging their market intelligence of acquisition targets to consummate acquisitions and capital investment on attractive terms; and

- Using their operational experience to enhance firms' profitability, making them more attractive to strategic and financial buyers or that can become public companies.

All decisions with respect to Fund investments are made by the related General Partner, including which entities will receive investment allocations, the timing and amount of investments, all aspects of Fund oversight of investments, and the timing and terms of investment realizations.

Types of Investments

On behalf of the Funds, the Managers make equity investments in each portfolio company. Investments of greater or lesser amounts are at the discretion of the applicable General Partner.

The specific Partnership Agreement of each Fund establishes diversification requirements that limit total Fund investment in a particular portfolio company. The Managers invest in the following types of transactions, among others:

- Divestitures by financial institutions and other owners;
- Management or other buyouts of private or public companies;
- Growth capital investments to support acquisitions and other expansion initiatives; and
- Recapitalizations where interests can be purchased from retiring or inactive shareholders.

Risks of Investment

Fund investors risk losing their investment in their Fund based largely on the investment strategy pursued by that Fund's General Partner. Although the following risk factors are generally applicable to the Funds, investors should also refer to a Fund's private placement memorandum for risk factors specific to their Fund. The risks involved with Lovell Minnick's investment strategy and an investment in a Fund include, but are not limited to:

1. *Business Risks.* The Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results with respect to any specified period are difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
2. *Future and Past Performance.* At no time is the performance of the Manager's prior investments necessarily indicative of a Fund's future results. While the Managers intend for the Funds to make investments that have returns commensurate with the investment risks undertaken, there can be no assurance that any targeted rate of return will be achieved. With respect to any given investment, loss of invested equity is possible.
3. *Investment in Junior Securities.* The Funds invest in equity securities which may be among the most junior securities in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there is no collateral to protect such an investment once made.

4. *Concentration of Investments.* The Funds participate in a limited number of investments, all within financial and business services, and related technology companies. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry could substantially affect its aggregate return. Furthermore, the smaller the amount of committed capital raised by a particular Fund and the larger the amount invested in a particular portfolio company, the fewer portfolio companies it will have, and thus its investment risks will be less diversified.
5. *Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, Limited Partners will be required to pay Management Fees during a Fund's investment period based on the entire amount of such Limited Partners' capital commitments or capital contributions.
6. *Illiquidity.* An investment in a Fund is 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 generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the Management Fee payable to the General Partner) may exceed its periodic income, thereby requiring that the excess expenses be paid from the Fund's capital, including, without limitation, unfunded or callable capital commitments.
7. *Leveraged Investments.* The Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from that particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which is difficult to accurately forecast, and at times, it may be difficult to obtain or maintain the desired degree of leverage.

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

forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

The Fund may also borrow money (including through a Commitments-backed credit facility or other short-term credit arrangement) or guaranty of indebtedness (such as a guaranty of a portfolio company's debt). The Fund may incur leverage on a joint and several bases with one or more other Funds and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Fund incurs leverage (or provides such guaranties), such amounts may be secured by Commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

8. *Restricted Nature of Investment Positions.* From time to time there may be no readily available market for a particular Fund investment, which will make that investment more difficult to value.
9. *Reliance on Portfolio Company Management.* Although each General Partner will monitor the performance of its Fund's investments, it is the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although a Fund generally intends 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 be able to successfully operate a company in accordance with the Fund's objectives.
10. *Need for Follow-On Investments.* Following its initial investment in a given portfolio company, for various reasons, the Fund may decide to provide additional funds to such portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments that become available.

Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

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

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater

difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil or cross-border disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

12. Director Liability. The Fund appoints a representative to the boards of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. It is the Manager's intention to require every portfolio company to obtain director liability insurance. However, it is possible that portfolio companies may not obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability at any given time, which may, subject to its applicable governing documents, require the Fund to indemnify the applicable directors.
13. Uncertain Economic and Political Environment. The current global economic and political climate is and will continue to be characterized by significant uncertainty. Prior acts of terrorism in the United States and internationally, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the global financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This tends to have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may be expected to have an adverse effect upon portfolio companies in which a Fund makes investments.
14. Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates, tax rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of a credit crisis or the downgrading of the credit ratings within the United States, which, among other things, can impact public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. The value of any publicly traded securities held by the Fund may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

15. *Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* Any deterioration of the global credit markets will make it more difficult for investment funds such as the Fund to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, will dramatically reduce investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Fund's ability to generate attractive investment returns will be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Fund to realize its investments at favorable times or for favorable prices.
16. *Liability Insurance.* Lovell Minnick obtains a customary professional liability insurance policy that covers Lovell Minnick and its employees and agents, the General Partners, each Fund, and the members of the various Advisory Boards. While Lovell Minnick and the other insured entities each pay a portion of the aggregate insurance premium, it is possible that one or more of the insureds could experience claims that exhaust all of the coverage such that there would be no coverage remaining available to the other insureds.
17. *Conflicting Investor Interests.* Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of the Fund and its partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.
- The General Partner may be presented with opportunities to seek financing and other services in connection with the Fund's investments from certain Limited Partners or their affiliates that are engaged in the lending business or other businesses, respectively. This has the potential to subject the General Partner to conflicts of interest, because although the General Partner selects lending and other service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the Fund, the General Partner may have an incentive to pursue financing opportunities with certain Limited Partners because of its financial or other business interest, including a Limited Partner's historical or potential future relationship with the General Partner and Fund investments made or to be made by a Limited Partner.
18. *Cybersecurity Risks.* There are numerous cybersecurity risks to which the Managers, the Funds and the portfolio companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio

company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the related Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Managers or one of their service providers holding financial or investor data, the Managers, their affiliates or the Fund may also be at risk of loss.

19. Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Fund. When estimating fair value, the General Partner 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.
20. Co-Investments. The General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners 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 Fund as a whole or any individual Limited Partner.

In exercising its sole discretion in connection with such co-investment opportunities, the General Partner may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates, the size of the investor's capital commitment, the ability of the investor to make future follow-on investments, and the ability of the investor to act quickly. The 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 may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take action contrary to the investment objectives of the Fund. In addition, the Fund may in certain circumstances be liable for actions of its third-party co-investor.

Conflicts of Interest

Lovell Minnick and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management and other services to Funds and

portfolio companies. Lovell Minnick will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Lovell Minnick conducting its activities, the interests of a Fund may conflict with the interests of Lovell Minnick, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Lovell Minnick will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the Advisory Boards of the participating Funds.

The Managers currently manage a number of Funds that are similar to each other, and each of the Funds has made and will in the future make investments that are similar to investments made by other Funds. The Managers' investment staff will continue to manage and monitor such Funds and investments. In addition, the Partnership Agreements of the respective Funds allow new Funds to be formed in certain situations even though prior Funds are still active. This could create a conflict of interest. The allocation of investment opportunities between or among Funds is at the sole discretion of the Managers, subject to the terms of applicable Partnership Agreements and the Managers' internal allocation policy. During the investment period of a Fund, the Managers pursue all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions as described in the applicable Partnership Agreement such as when a Fund has reached certain levels of investment or when a particular opportunity does not meet the criteria for that Fund. In such cases, the investment may be made by a subsequent Fund. Lovell Minnick allocates such potential investments according to its then existing internal allocation policy and in appropriate circumstances will seek guidance from the Advisory Board of each affected Fund. In addition, the significant investment of the principals of the Managers in such Funds, as well as the Managers' interest in the carried interest of such Funds, operate to align, to a significant degree, the interest of the Managers with the interest of the Limited Partners in such Fund. However, this alignment is mitigated to some degree because the Managers have similar economic interests in all other Funds and investments as well, and receive Management Fees and carried interests relating to such interests. Such other Funds, and investments that the Managers may control, may compete with a Fund or the companies acquired by a Fund. Following the investment period of a Fund, the Managers may have increased focus on new investment activities on new opportunities and areas unrelated to such Fund's investments.

From time to time, the Managers will be presented with investment opportunities that would be suitable not only for a given Fund, but also for other private funds operated by the Managers. In determining which investment vehicles should participate in such investment opportunities, the Managers and their affiliates in some cases may be subject to conflicts of interest that could affect the investors in such investment vehicles. The Managers resolve such conflicts of interest in light of their obligations to investors in each Fund and other private funds, and attempt to allocate investment opportunities among the Funds and such other private funds in a manner that they believe is fair and equitable to the Funds consistent with the Managers' obligations to each such Fund, including as set forth in the applicable Partnership Agreements and the Managers' then existing investment allocation policy, seeking guidance from the relevant Advisory Boards when the Managers deem appropriate. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction

or that it would have been as favorable as it would have been had such cross-fund investment conflict not existed.

The Managers serve or expect to serve as investment managers to Parallel Co-Investment Entities that invest with or alongside the Funds in certain portfolio companies. Third party investors may be permitted to invest directly in a particular portfolio company. The Managers have sole discretion to select co-investment participants. Generally, the Managers will select which investors or other persons are permitted to co-invest based on various factors, including (but not limited to) the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis, the investor's expression of interest to co-invest contained in such investor's side letter arrangement, the ability of the investor to meet timing and investment-size criteria and any other reason for including such investor. In circumstances where an entire investment could be made by a Fund, a Manager may still allocate a portion of such investment to one or more co-invest vehicles in accordance with such Fund's Partnership Agreement and the Managers' allocation policy if a Manager believes in its good faith judgment that the full investment would unreasonably limit the diversification of the applicable Fund or its ability to make follow-on or future platform investments, or that a particular co-investor would add value to the Fund or the investment. The Managers' procedures permit it to take into consideration a variety of factors in making such determinations. Decisions regarding whether and to whom to offer co-investment opportunities may be made by the Managers and their related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities typically will be offered to some and not to other Limited Partners in a Fund. Limited Partners that participate in co-investments may be in a position to obtain different terms, and additional information regarding the applicable portfolio company, that may not generally be available to Limited Partners in other Funds.

Investment opportunities may be appropriate for multiple Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

The Managers' allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While the Managers will allocate investment opportunities in a manner that they believe in good faith is fair and equitable to their clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which the Managers may be subject, discussed herein, did not exist.

In certain cases, the Managers will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Managers will not receive compensation for identifying such transferees, and will use their discretion to select such transferees based on suitability and other factors, and unless required by the relevant Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Because a General Partner's carried interest is based on a percentage of realized profits of each respective Fund, it could create an incentive for the General Partner to cause the applicable Fund to make riskier or more speculative investments, or to exit such investment earlier, than would otherwise be the case. However, the Managers believe that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of the Managers with that of the Funds. In addition, the Managers do not allocate investment opportunities based on the potential to receive carried interest.

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

As a result of the Funds' controlling interests in portfolio companies, Lovell Minnick and/or its affiliates typically have the right to appoint all or some board members to such portfolio companies. From time to time, portfolio company board members approve compensation and/or other amounts payable to Lovell Minnick and/or its affiliates. Additionally, Lovell Minnick, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or other service providers, some of which will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Lovell Minnick and/or its affiliates, and/or the Funds or other investment vehicles they advise. In addition, portfolio companies from time to time pay fees to third party consultants (including Lovell Minnick Senior Advisors and other consultants introduced or arranged by Lovell Minnick and/or its affiliates that provide services to the Funds or one or more Fund portfolio companies), and such fees do not offset the Management Fee as described herein.

Additionally, a portfolio company (or a Fund in connection with a portfolio company investment) typically will reimburse Lovell Minnick or service providers (including Lovell Minnick Senior Advisors and other consultants) retained at Lovell Minnick's discretion for expenses (including without limitation travel expenses) incurred by Lovell Minnick or such service providers in connection with performance of services for such portfolio company. This subjects Lovell Minnick and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements or may bear such expenses directly, and such amounts may be substantial. Lovell Minnick determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Lovell Minnick or such service providers generally is subject to: agreements with sellers, buyers and

management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest. Employees of and consultants to the Managers may serve as directors or officers of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of such portfolio company and their respective shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, there may be conflicts of interests between an individual's duties as an employee of the Managers and an individual's duties as a director of such portfolio company.

Lovell Minnick Senior Advisors may have a limited partnership or profit interest in a Fund or a General Partner. Although the Managers intend to utilize Senior Advisors with a view to reducing costs to portfolio companies (and, ultimately, the relevant Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, the Managers intend to utilize only Lovell Minnick Senior Advisors which they believe provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, from time to time the Managers may cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by the Managers, or co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company owned by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Partnership Agreements or otherwise in the sole discretion of the Managers, the Managers may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board) to such transactions. In certain circumstances, the Managers may determine that the willingness of a third party to make an investment on the same terms as the investing Fund demonstrates the fairness to the Fund of the relevant transaction under current market conditions. The Managers intend that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although the Managers generally structure Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such cases, the Managers

intend to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements or Side Letters of the Funds, the Managers will allocate fees and expenses in a manner that they believe in good faith is fair and equitable to their clients under the circumstances and considering such factors as they deem relevant, but in their sole discretion. In exercising such discretion, the Managers may be faced with a variety of potential conflicts of interest. As a general matter, Fund expenses typically will be allocated among all relevant Funds (including Co-Investment Aggregators and/or Parallel Co-Investment Entities) eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the Managers or their affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. The Funds have varying expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

Lovell Minnick often enters into Side Letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects Lovell Minnick and/or its affiliates to potential conflicts of interest. Lovell Minnick attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Lovell Minnick's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Lovell Minnick will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Lovell Minnick consults with and may receive consent to conflicts from the Advisory Board of the relevant Fund and such other investment vehicles, if any.

Item 9 Disciplinary Information

Lovell Minnick Partners and its management persons have not been subject to any legal or disciplinary events required to be discussed in this Brochure.

Item 10 Other Financial Industry Activities and Affiliations

Lovell Minnick Partners is affiliated with other Lovell Minnick investment advisers registered with the SEC under the Advisers Act pursuant to Lovell Minnick Partners' registration in accordance with SEC guidance. These advisers are Lovell Minnick II GP, Lovell Minnick III GP and Lovell Minnick IV GP. These affiliated investment advisers operate as a single advisory business together with Lovell Minnick Partners and serve as General Partners of the Partnerships and may share common owners, officers, partners, consultants or persons occupying similar

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

As discussed above, Lovell Minnick frequently makes investments on behalf of the Funds in financial services businesses (collectively, the “**Financial Services Portfolio Companies**”). In particular, certain Funds (either individually or in the aggregate with one or more other Funds) indirectly own 25% or more of the securities of the following Financial Services Portfolio Companies: (i) 361 Capital LLC, (ii) TREA Asset Management S.a.r.l, a non-U.S. investment adviser registered with the National Commission of Securities Markets in Spain, (iii) CenterSquare Investment Management LLC and (iv) Tortoise Investments LLC. Certain Lovell Minnick professionals serve on the board of directors of certain of the Financial Services Portfolio Companies. Notwithstanding these indirect relationships, Lovell Minnick does not direct the management or policies of such Financial Services Portfolio Companies regarding the provision of products or services, and Lovell Minnick does not have any arrangements with the Financial Services Portfolio Companies that are material to its advisory business or the advisory or broker-dealer businesses of the Financial Services Portfolio Companies. For additional information regarding the Financial Services Portfolio Companies, please refer to each entity’s Form ADV, Form BD or other regulatory filing(s), as applicable.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Managers have adopted the Lovell Minnick Partners Code of Ethics and Securities Trading Policy (the “**Code**”), which sets forth standards of conduct that are expected of the Managers’ Principals and employees and which addresses conflicts that arise from personal trading. The Code requires the Managers’ personnel to report their personal securities transactions and prohibits the Managers’ personnel’s direct or indirect acquisition of beneficial ownership of securities in an initial public offering or in a limited offering, in each case, without first obtaining approval from the Managers’ Chief Compliance Officer. In addition, the Code requires the Managers’ officers and employees to comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material nonpublic information. A copy of the Code will be provided to any Limited Partner or prospective Limited Partner upon request to the Managers’ Chief Compliance Officer at (610) 9959660. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client-eligible investments.

The Managers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, could affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Managers and their affiliated persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Managers.

Accordingly, should the Managers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Managers are prohibited from communicating such information to Limited Partners, and the Managers have no responsibility or liability for failing to disclose such information to clients as a

result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Lovell Minnick personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

Principals and employees of the Managers and their affiliates may directly or indirectly own an interest in Funds. The Managers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the Managers with the Funds. The Funds may invest together in the manner set forth in the applicable Partnership Agreement. The Managers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Managers' fiduciary obligations and consistent with the applicable Funds' underlying documents. The Managers will seek approval of such decisions by the appropriate Fund Advisory Board where deemed appropriate by Lovell Minnick. See Section 5, "Methods of Analysis, Investment Strategies and Risk of Loss," for a discussion of conflicts of interest.

Item 12 Brokerage Practices

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

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

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

Consistent with the Managers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the

Managers generally do not make use of such services at the current time. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Managers' Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Managers, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. Research services may be shared between the Managers and their affiliates.

The Managers will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, the Managers may, in their discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in the amount of the commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Managers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Managers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Managers will periodically determine which brokers have provided research that has been helpful in the management of Funds. To the extent consistent with the Managers' goal to obtain best execution for their clients, the Managers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

Although the Managers generally do not allocate brokerage business on the basis of research services, to the extent they do so, they may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on their Funds' interest in receiving most favorable execution.

The Managers do not anticipate engaging in significant public securities transactions; however, to the extent that the Managers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Managers may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Managers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Managers is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

If such orders are not batched, it may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Funds over time.

Item 13 Review of Accounts

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

The Funds generally provide to their Limited Partners (i) audited financial statements annually, (ii) unaudited financial statements for the four quarters of each fiscal year, (iii) annual tax information necessary for each Limited Partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

Item 14 Client Referrals and Other Compensation

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

From time to time, Lovell Minnick 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. Any fees payable to any such third parties will be borne by Lovell Minnick Partners either directly or indirectly through an offset against the Management Fee.

Item 15 Custody

As required by the Advisers Act, the Managers have established accounts with qualified custodians to hold funds and securities on behalf of the Funds in custody as follows:

- Silicon Valley Bank, 3003 Tasman Drive, Santa Clara, CA 95054 (cash)
- Colorado State Bank and Trust, 1600 Broadway, Denver, CO 80202 (securities)

Item 16 Investment Discretion

Each Manager has discretionary authority to make and manage investments on behalf of the applicable Fund. As a general policy, the Managers do not allow clients to place limitations on this authority, provided that the Partnership Agreement of a Fund may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the applicable Partnership Agreement, however, a Manager may enter into side letter or similar arrangements with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in the Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for

legal, tax, regulatory or other similar reasons or for other agreed upon reasons. The applicable Manager assumes this discretionary authority pursuant to the terms of the Partnership Agreement and powers of attorney executed by the Limited Partners of the Fund.

Item 17 Voting Client Securities

In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures (the “**Policy**”) to address how any Manager will vote proxies, as applicable, for the Funds’ portfolio investments. The Policy seeks to ensure that the applicable Manager votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds’ investors through the Managers’ Principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict of interest between the applicable Manager and the Funds in voting proxies, the Policy outlines several alternative approaches that the Manager may take to address the conflict. The Managers do not consider service on portfolio company boards by Manager personnel or Principals or the Managers’ receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. A copy of the Policy or information regarding how the Managers voted proxies for particular portfolio companies will be provided to clients or prospective clients at no charge upon request to the Managers’ Chief Compliance Officer at (610) 995-9660.

Item 18 Financial Information

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