

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

LOVELL MINNICK PARTNERS LLC

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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

Lovell Minnick Partners filed its initial Brochure on February 14, 2012 in connection with its registration as an investment adviser. Material changes in this amendment include the dissolution of Lovell Minnick Equity Partners LP, one of the private investment funds managed by Lovell Minnick Partners, and certain clarifying changes to the description of Lovell Minnick Partners' advisory business.

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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 owned by its six Managing Directors, being Jeffrey D. Lovell, James E. Minnick, Jennings J. Newcom, Robert M. Belke, John D. Cochran and Spencer P. Hoffman. 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, Minnick and Newcom in 1999.

The following are certain of 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**”)

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**” or the “**Funds**,” and together with any future private investment fund to which Lovell Minnick Partners or its affiliates provide investment advisory services, “**Private Investment Funds**”):

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

The General Partners listed above each serve as general partner to one or more Funds and have the authority to make the investment decisions for the Funds to which they provide advisory services. The General Partners also manage the following Funds formed primarily to allow unaffiliated persons to invest in certain portfolio investments made by certain of the Funds: LM Matthews Holdings III LLC and LM Matthews III-A LLC (collectively, the “**Co-Invest Funds**”).

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

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

As of December 31, 2012, Lovell Minnick Partners managed \$754,551,308 in client assets on a discretionary basis.

Item 5 Fees and Compensation

With respect to the Funds, each Fund's General Partner receives an annual management fee (the "**Management Fee**") and a carried interest in connection with advisory services. The Co-Invest Funds do not pay a Management Fee or carried interest, as described in the applicable governing document of each such Co-Invest Fund. The General Partners or their affiliates may receive additional compensation in connection with management and other services performed for certain portfolio companies of Private Investment Funds and such additional compensation may offset in whole or in part the Management Fees otherwise payable to the applicable General Partner. To the extent a Fund or Co-Invest Fund does not pay Management Fees, any such offset will not benefit such Fund. Investors in the Funds also bear the fund expenses described below.

Each Fund generally pays a Management Fee equal to a fixed percentage of investor capital commitments to the Fund ("**Commitments**"). Generally, investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund, plus interest, as applicable. The Management Fee may be reduced upon the expiration of the investment period 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 Agreements and any amendments thereto. In some cases, the Management Fee may be reduced where the term of a Fund is extended pursuant to the Partnership Agreement or where a particular subsequent Fund is formed.

The Management Fee is reduced by a specified percentage of any directors' fees, financial 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. Such fees may be substantial. The remaining amount of the aforementioned fees that are received by the applicable General Partner without offset against the Management Fee are hereinafter referred to as "**Supplemental Fees.**"

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

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

For certain Funds, the General Partners and/or their affiliates may exempt certain persons from payment of all or a portion of Management Fees and/or carried interest, including the General Partner and any other person designated by the General Partner.

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

Managing Directors of Lovell Minnick Holdings and other principals (collectively, the "**Principals**") may receive a portion of the Management Fee, carried interest or other compensation received by Lovell Minnick Partners or its affiliates.

As described in the Partnership Agreement of certain Funds, a Fund may reimburse the applicable General Partner for the Fund's organizational and start-up expenses up to a specified amount, including legal, travel, accounting, filing, printing, capital raising and other

organizational expenses. The applicable General Partner generally will bear the cost (which may be through an offset against the Management Fee, as described above) 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.

In addition to the Management Fee and carried interest payable to the applicable General Partner, a Fund will typically pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies, including: (i) expenses incurred in connection with the evaluation, acquisition or disposition of investments, including private placement fees, sales commissions, appraisal fees, taxes, brokerage fees, underwriting commissions and discounts, and legal, accounting, investment banking, consulting, research and information services and professional fees; (ii) expenses incurred in connection with the carrying or management of investments, including monitoring, travel, custodial, trustee, record keeping and other administration fees; (iii) expenses incurred in connection with the Fund's financial statements, tax returns, K-1's and other communications with the Fund's limited partners (the "**Limited Partners**"); (iv) attorneys' and accountants' fees and disbursements; (v) taxes and other governmental charges levied against the Fund; (vi) insurance, regulatory or litigation expenses (and damages), including regulatory expenses of the General Partner; (vii) expenses incurred in connection with the winding up or liquidation of the Fund; (viii) expenses relating to defaults by Limited Partners in the payment of any capital contributions; (ix) out-of-pocket expenses for transactions undertaken but not consummated; (x) expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities, including the General Partner; (xi) expenses incurred in connection with the formation of alternative investment vehicles; and (xii) expenses incurred in connection with distributions to the Limited Partners and in connection with any meetings with Limited Partners, including meetings of the Limited Partners' advisory board (the "**Advisory Board**"), called by the General Partner.

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

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

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

As discussed under Section 2 ("Fees and Compensation") above, the General Partners are entitled to receive a carried interest allocation on certain realized profits in the Funds. A performance-based allocation is an allocation representing an asset manager's compensation based on a percentage of net profits of the fund being managed. The Co-Invest Funds are not charged a carried interest. Although not charging Co-Invest Funds a carried interest could present a conflict of interest, the Managers do not believe such an arrangement would pose a conflict of interest because the Co-Invest Funds co-invest alongside the applicable Fund at substantially the same time and on substantially the same terms as the Fund and dispose of such investments in a similar manner. See Section 5, "Methods of Analysis, Investment Strategies and Risk of Loss," for further discussion of potential conflicts of interest.

Item 7 Types of Clients

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

The Funds generally have a minimum investment amount between \$1 million and \$5 million for third-party investors, although individual Commitments of lesser amounts may be accepted at the discretion of the applicable General Partner.

Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended.

The General Partners select which investors are permitted to invest in the Co-Invest Funds based on various factors, including the ability of the investor to fund and complete the investment on a timely basis, historically expressed interest in co-investments, alignment of management interests and for strategic or other reasons as more fully described in the applicable Partnership Agreement.

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 investments in financial services companies and related business service firms that create, manage, distribute, support or administer financial products and investments.

The Managers seek to achieve the Funds’ goals by investing in companies that have meaningful growth potential and where the Managers are aligned with management teams 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 may be possible.

Investment and Operating Strategy

The Managers seek to capitalize on opportunities by:

- Providing capital and industry knowledge in support of buyouts and recapitalizations;
- 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 develop firms into profitable properties that are attractive to strategic and financial buyers or that can become public companies.

Types of Investments

On behalf of Private Investment Funds, the Managers generally make equity investments between \$20 and \$100 million in each portfolio company and, with access to co-investment, have completed transactions with aggregate values of several hundred million dollars. The Managers invest in the following transactions:

- Divestitures by financial institutions;
- Management 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. Those risks include, but are not limited to:

1. *Business Risks.* The Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
2. *Future and Past Performance.* The performance of the Principals' prior investments is not necessarily indicative of a Fund's future results. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the investment risks undertaken, there can be no assurances that a positive return will be achieved. On any given investment, loss of investment is possible.

3. Investment in Junior Securities. Although the Funds seek to invest primarily in preferred equity securities, a Fund may from time to time invest in common equity, which is the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.
4. Concentration of Investments. The Fund will participate in a limited number of investments, primarily in one industry or one industry segment. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings could substantially affect its aggregate return.
5. Leveraged Investments. The Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from 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. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions or appreciation of its investments.

Leverage often 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 could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

6. Restricted Nature of Investment Positions. From time to time there may be no readily available market for a particular Fund investment, which could make that investment difficult to value.
7. Reliance on Portfolio Company Management. Although each General Partner will monitor the performance of its Fund's investments, it primarily will be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.
8. Projections. Typically the projected operating results of a company in which the Fund invests will be based primarily on financial projections prepared by that company's

management. In all cases, projections are only estimates of future results that are based upon company-prepared information and management assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. Although the Fund generally intends to invest in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

9. *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.

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

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

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

11. *Director Liability.* The Fund often will obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability, which may, subject to the applicable governing documents, require the Fund to indemnify the applicable directors.
12. *Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have

exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

Conflicts of Interest

The Managers currently manage a number of Funds that are similar to each other, and each of the Funds has made investments that are similar to investments made by other Funds. The Managers' investment staff will continue to manage and monitor such Funds and investments. This practice could create a conflict of interest. However, during the investment period of a Fund, the Principals generally pursue all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions as described in the applicable Partnership Agreement. In addition, the significant investment of the Principals in such Fund, as well as the Principals' interest in the carried interest of such Fund, operate to align, to a significant degree, the interest of the Principals with the interest of the Limited Partners in such Fund. However, this alignment is mitigated to some degree because the Principals 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 Principals may control, may compete with a Fund or the companies acquired by a Fund. Following the investment period of a Fund, the Principals may focus their new investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for a given Fund, but also for other private funds operated by the Managers. In determining which investment vehicles should participate in such investment opportunities, the Managers and their affiliates 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 fair and equitable manner and consistent with the applicable Partnership Agreements. Where necessary, the Managers consult with and receive consent to conflicts from an advisory committee consisting of Limited Partners of the affected Funds and such other investment vehicles.

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.

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

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 and Lovell Minnick III 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: First Allied Advisory Services, Inc., a registered investment adviser; First Allied Asset Management, a registered investment adviser; First Allied Securities, Inc., a registered investment adviser and broker-dealer; Legend Equities Corporation, a registered broker-dealer; Legend Advisory Corp, a registered investment adviser; Matthews International Capital Management, LLC, a registered investment adviser; and Mercer Global Advisors Inc., a registered investment adviser. In addition, 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, 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, including any disciplinary history of such Financial Services Portfolio Companies, please refer to each entity's Form ADV or Form BD filing, 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' Principals 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 client or prospective client upon request to the Managers' Chief Compliance Officer at (610) 995-9660. 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 would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Managers.

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

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

The Managers may recommend the purchase or sale of securities for Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions may require the consent of the applicable Funds, which generally may be sought from the applicable Advisory Board.

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

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

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

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

Each Private Investment 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 Private Investment Funds over time.

Item 13 Review of Accounts

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

The Funds generally provide to their Limited Partners (i) audited financial statements annually, (ii) unaudited financial statements for the 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 or other Private Investment Fund. Any fees and expenses 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 an account with a qualified custodian to hold funds and securities on behalf of the Funds in custody as follows:

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

Item 16 Investment Discretion

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