

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

BRENTWOOD PRIVATE EQUITY III, LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Brentwood Private Equity III, LLC (“Brentwood III”). If you have any questions about the contents of this Brochure, please contact us at (310) 477-6611. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

Additional information regarding Brentwood III is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Brentwood III filed its most recent Brochure on March 30, 2015. This annual amendment updates the description of the business of Brentwood III and its affiliates, including but not limited to the terms and operations of the Funds (as defined herein).

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ADVISORY BUSINESS

Brentwood Private Equity III, LLC (“Brentwood III”), a Delaware limited liability company that commenced operations in April 1999, is a private investment management firm and a registered investment adviser.

Brentwood III and its affiliates (collectively, “Brentwood”), including Brentwood Private Equity IV, L.P. (“Brentwood IV”) and Brentwood Private Equity V, L.P. (“Brentwood V” and together with Brentwood III and Brentwood IV, the “Advisers” or the “General Partners”), each a Delaware limited partnership, provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. Each of the Advisers conducts business primarily under the name Brentwood Associates. Brentwood commenced operations in 1972.

Brentwood III is the general partner of Brentwood Associates Private Equity III, L.P. (“BAPE III”), Brentwood Associates Private Equity III-A, L.P. (“BAPE III-A”) and BAPE III Executive Fund, L.P. (“BAPE III Executive”), each a Delaware limited partnership. Brentwood IV is the general partner of Brentwood Associates Private Equity IV, L.P. (“BAPE IV”) and BAPE IV - AIV, L.P. (“BAPE IV-AIV”), each a Delaware limited partnership. Brentwood V is the general partner of Brentwood Associates Private Equity V, L.P. (“BAPE V”), Brentwood Associates Private Equity V-A, L.P. (“BAPE V-A”), BAPE V Executive Fund, L.P. (“BAPE V Executive”) and LADEN Co-Investment Fund, L.P. (“LADEN”), each a Delaware limited partnership.

Each of Brentwood IV and Brentwood V is a registered investment adviser under the Advisers Act pursuant to Brentwood III’s registration in accordance with SEC guidance. Brentwood III, Brentwood IV and Brentwood V operate as a single investment advisory firm and are under common control.

In addition, Brentwood III is the management company to BAPE III, BAPE III-A, BAPE III Executive, BAPE IV, BAPE IV-AIV, BAPE V, BAPE V-A, BAPE V Executive and LADEN (each, a “Fund,” and together with any future private investment fund managed by Brentwood, the “Funds”). Brentwood has the authority to manage the business and affairs of the Funds pursuant to the limited partnership or other operating agreements or governing documents of the Funds (each, a “Partnership Agreement”) and/or respective management agreements with Brentwood IV and Brentwood V.

From time to time, Brentwood may, for tax or other structuring reasons, determine that an investment that would otherwise be made through a Fund should be made through an alternative investment vehicle formed by Brentwood (an “Alternative Investment Vehicle”), subject to any applicable limitations in the relevant Partnership Agreement.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” The Advisers’ 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. Although each Fund invests predominantly in non-public

companies, each Fund may invest in public companies, subject to any limitations set forth in its Partnership Agreement. The Funds generally seek to take a controlling position when investing in a portfolio company, and generally at least one Brentwood principal or other Brentwood investment professional serves on a portfolio company's board of directors or other similar body in order to represent the applicable Fund's interests in the portfolio company.

The Advisers' advisory services for the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a "Memorandum"), management agreements and Partnership Agreements and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the 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 agreed-upon circumstances pursuant to the relevant Partnership Agreement. Each Fund or its General Partner generally enter into side letters or other similar agreements ("Side Letters") with certain investors that have the effect of establishing rights (including but not limited to information rights, transfer rights and the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons, or other rights) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

In addition, from time to time and as permitted by the relevant Partnership Agreement, the Advisers expect to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Brentwood's personnel and/or certain other persons associated with Brentwood and/or its affiliates (*e.g.*, a vehicle formed by Brentwood's Principals (as defined below) to co-invest alongside a particular Fund's transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at substantially the same time and on substantially the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, and the co-investor or co-invest vehicle may be charged interest on the purchase to compensate the relevant Fund for the holding period.

As of December 31, 2015, Brentwood managed \$1,474.4 million in client assets on a discretionary basis. Brentwood III is managed by its respective managing members, who are William M. Barnum, Jr., Anthony U. Choe, Roger V. Goddu, Eric G. Reiter, Steven W. Moore and Rahul Aggarwal (collectively, the "Principals"). Each of Brentwood III's and Brentwood IV's respective principal owner is William M. Barnum, Jr. Each of Brentwood IV and Brentwood V is managed by its limited partners, who are the Principals. No person owns more than 25% of Brentwood V.

FEES AND COMPENSATION

In general, Brentwood III receives a management fee (the “Management Fee”) in connection with advisory services it provides to BAPE III and BAPE III-A, Brentwood IV receives a Management Fee with respect to services it provides to BAPE IV and Brentwood V receives a Management Fee in connection with advisory services it provides to BAPE V and BAPE V-A. Brentwood IV is also entitled to a Management Fee for any investment made through an Alternative Investment Vehicle, including BAPE IV-AIV, on the same basis as investments made through BAPE IV. In such case, investors are not double-charged Management Fees for any such investments.

In providing its management services, Brentwood III incurs expenses on behalf of the Funds, which reimburse Brentwood III for these expenses. Each General Partner may receive a carried interest with respect to the advisory services it provides to BAPE III, BAPE III-A, BAPE IV, BAPE IV-AIV, BAPE V and BAPE V-A, as applicable. For each Fund, the carried interest distributed to a General Partner is typically subject to a potential giveback during or at the end of the Fund’s life if the General Partner has received excess cumulative distributions. BAPE III Executive, BAPE V Executive and LADEN do not pay Management Fees or carried interest.

The Advisers may receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation may offset in whole or in part the Management Fees otherwise payable to the Advisers. Investors in the Funds also bear certain expenses. Investors should review the applicable Fund’s Partnership Agreement for details regarding the fee structures summarized below. Terms not defined herein are defined in the applicable Partnership Agreement.

Management Fees

BAPE III and BAPE III-A

Effective January 1, 2016, Brentwood III, at its election, reduced its Management Fee for BAPE III and BAPE III-A to zero. The Management Fee is subject to further adjustment as outlined below.

The Management Fee is increased by the excess of the aggregate amount by which the fee was previously deferred by the General Partner Participation Amount Reduction (GPPA Reduction), used to make Portfolio Investments and Bridge Financings disposed of in the current and all preceding years over the cumulative amount of such disposals in prior years. The Management Fee is payable until all portfolio investments are distributed or until Brentwood III’s relationship with BAPE III or BAPE III-A is terminated for other reasons (as described in the Partnership Agreement). As more fully described in the Partnership Agreement, the Management Fee is generally reduced (but not below zero) by BAPE III and BAPE III-A’s share (but not by the share of any co-investors or co-investment vehicles) of income received by Brentwood III or its affiliates from BAPE III and BAPE III-A’s portfolio companies for each fiscal year as follows:

- Transaction Fees (other than Directors Fees) 50%

- Excess Investment Banking Fees and Directors fees 100%

BAPE IV and BAPE IV-AIV

With respect to BAPE IV, Brentwood IV initially received an annual Management Fee of 2.0% of Commitments (subject to potential reductions due to offsets under certain circumstances as described in more detail below). The Management Fee commenced on the effective date of BAPE IV, and the Partnership Agreement provides for a reduction in the Management Fee upon certain events that have already occurred. Accordingly, the Management Fee is now equal to the actual blended fee percentage per annum applicable to the last period before the fee was reduced (2%), multiplied by aggregate funded commitments less aggregate distributions representing a return of capital and, without duplication, complete write-offs; provided that distributions with respect to sold portfolio company investments shall only be included in such calculation to the extent that the amount invested in such portfolio company exceeds the aggregate fair market value of all remaining investments in such portfolio company, as described in the Partnership Agreement.

As set forth in the Partnership Agreement, the Management Fee generally may be offset in any given year by a set percentage of the Funds' pro rata share of certain fees earned by the Advisers and their affiliates in connection with Fund operations, including breakup, transaction, monitoring and director fees and fees earned in connection with BAPE IV co-investments (in each case, net of unreimbursed expenses); provided that (a) the Management Fee shall not be reduced below zero as a result of any such offset and (b) the Management Fee shall not be reduced by the portion of such fees attributable to co-investors or co-investment vehicles.

BAPE V and BAPE V-A

BAPE V and BAPE V-A generally pay Brentwood V a Management Fee on a semiannual basis, partially in advance and partially in arrears, equal to 2% per annum of aggregate commitments. Beginning on the first Management Fee due date after the earliest to occur of the expiration of the Investment Period or certain other events specified in the Partnership Agreement, the Management Fee will be reduced to an amount equal to 2% on an annual basis of aggregate funded commitments less aggregate distributions representing a return of capital and, without duplication, complete write-offs, in each case as determined in accordance with the Partnership Agreement. Notwithstanding the foregoing, commencing with the first Management Fee due date after the dissolution of BAPE V and BAPE V-A and until the final distribution of their assets, the Management Fee for each subsequent Management Fee due date shall be determined based upon an annual operating budget prepared by Brentwood V and approved by BAPE V and BAPE V-A's advisory board. As more fully described in the Partnership Agreement, the Management Fee is generally reduced (but not below zero) by BAPE V and BAPE V-A's share (but not by the share of any co-investors or co-investment vehicles) of income received by Brentwood V or its affiliates from BAPE V and BAPE V-A's portfolio companies for each fiscal year as follows:

- Break-Up, Co-Invest, Transaction and Monitoring Fees (other than Directors Fees) 80% until January 1, 2014 and 100% thereafter.

- Directors Fees 100%

Other Management Fee Information

Management Fees are payable semi-annually, partially in advance and partially in arrears. Installments of the Management Fee payable for any period other than a full six-month period are adjusted on *pro rata* basis according to the actual number of days in such period. With respect to BAPE V and BAPE V-A, Management Fees with respect to a final semi-annual period of any calendar year may be paid in one or more installments on any date after July 15 during such period.

Certain Partnership Agreements permit the General Partner to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Partnership Agreement as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to such Fund. The limited partners may be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant.

Carried Interest

Brentwood III will receive a carried interest with respect to BAPE III and BAPE III-A equal to 20% of all realized profits in excess of an 8% compound preferred return subject to a General Partner catch-up provision, as more fully described in the applicable Partnership Agreements. Brentwood IV will receive a carried interest with respect to BAPE IV equal to 20% of all realized profits in excess of an 8% compound preferred return subject to a General Partner catch-up provision, as more fully described in the applicable Partnership Agreements. Brentwood V will receive a carried interest with respect to BAPE V and BAPE V-A equal to 20% of all realized profits in excess of an 8% compound preferred return subject to a General Partner catch-up provision, as more fully described in the applicable Partnership Agreements. In addition to the general potential giveback of carried interest at the end of a Fund's life if the General Partner has received excess cumulative distributions, Brentwood V is subject to interim giveback obligations, as specified in the Partnership Agreement.

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

Other Information

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 relevant Fund and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Brentwood generally receive a portion of the Management Fee, carried interest or other compensation received by Brentwood III or its affiliates. In addition, the General Partners are permitted to exempt certain Fund investors, including the Advisers and their affiliates, from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from Management Fees and/or carried interest may be made by a direct exemption, a rebate by the applicable General Partner and/or its affiliates, or through other Funds which co-invest with the applicable Fund.

In addition to the Management Fee and carried interest payable to the Advisers, the Funds bear certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement, the Funds generally bear all organizational expenses, subject to certain exceptions set forth in the Partnership Agreement, together with all expenses relating to the Fund's activities, investments and business to the extent not reimbursed by portfolio companies or applied to reduce transaction fees, including legal, accounting, auditing, investment banking, consulting, research, brokerage, finder's, custody, transfer, registration, insurance (including, without limitation, directors and officers and errors and omissions liability insurance), travel, financing, filing, advisory board, broken deal (including any expenses related to a potential syndication), interest, taxes, extraordinary expense, expenses incurred by a Fund or an Adviser in connection with the annual and other periodic meetings (if any) and other similar fees and expenses, but not the Advisers' expenses in connection with maintaining and operating their offices (such as compensation of its employees, rent, utilities and general office expenses). As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which multiple Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. In certain circumstances, Brentwood is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Brentwood's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed to invest in a portfolio company, such portfolio company will bear expenses related to such vehicle's formation and operation, some of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, broken deal expenses relating to such unconsummated transaction may be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction, subject to Brentwood's sole discretion. In exercising such discretion Brentwood will consider the timing of the transaction, market conditions and other factors. However, to the extent that such co-investors have already

invested in a co-investment or other vehicle in connection with such transaction, such co-investor or vehicle may bear its share of such broken deal expenses.

Furthermore, as described more fully in the applicable Fund's private placement memorandum and/or Partnership Agreement, certain of Brentwood's affiliates may provide services to (or with respect to) certain portfolio companies in which a Fund may invest. In connection with such services, such persons may receive fees and other compensation from such portfolio companies. Brentwood and/or its affiliates generally have discretion over whether to charge such fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Brentwood and/or its affiliates on the other hand.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," Brentwood III receives a carried interest allocation on certain realized profits in BAPE III and BAPE III-A, Brentwood IV receives a carried interest from BAPE IV (and BAPE IV-AIV), and Brentwood V receives a carried interest allocation on certain realized profits in BAPE V and BAPE V-A. None of BAPE III Executive, BAPE V Executive or LADEN are charged a performance-based fee. The Advisers believe that this arrangement does not pose a conflict since the Funds are the primary investment vehicles for Brentwood's investors, and BAPE III Executive's ability to co-invest alongside BAPE III and BAPE III-A, BAPE V Executive's ability to co-invest alongside BAPE V and BAPE V-A and LADEN's ability to co-invest alongside BAPE V, are subject to limitations set forth in the applicable Partnership Agreements, including limitations on capital BAPE III Executive, BAPE V Executive and LADEN can raise.

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

TYPES OF CLIENTS

Brentwood III provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth 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 Brentwood III and its affiliates and members of their families, or other service providers retained by Brentwood III and its affiliates.

The Funds generally have a minimum investment amount of \$10 million for third-party investors. Such minimum investment amount may be waived by the General Partners. BAPE III

Executive and BAPE V Executive are investment vehicles for certain Brentwood personnel and do not have a minimum investment amount. LADEN is a limited partner co-invest vehicle.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Brentwood III provides certain day-to-day investment advisory services to the Funds, subject to the role of the applicable General Partner. Each Fund's investment committee retains ultimate decision-making authority for such Fund. The Advisers have common owners and personnel. Accordingly, the Advisers' general investment methodology is described below. Investors should refer to the applicable Partnership Agreement and private placement memorandum for further information regarding investment strategies employed for a specific Fund.

The Advisers generally focus on investing, typically as the first institutional investor, in middle-market consumer and consumer-related businesses in which they believe they can accelerate growth and increase enterprise value. The Advisers' investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. The Advisers invest the Funds' assets predominantly in private companies although investments in public companies are permitted, subject to any restrictions in the Partnership Agreements.

There can be no assurance that the Advisers will achieve the investment objectives of each Fund and a loss of investment is possible.

Investment and Operating Strategy

The Advisers' investment strategy for the Funds generally focuses on making control investments via recapitalizations, management buyouts and growth equity investments. The typical investment is between \$15 million and \$75 million. The Advisers seek to (i) target companies well-positioned to benefit from long-term consumption trends; (ii) focus on large, growing consumer sectors with historical expertise; (iii) leverage their Southern California location; (iv) capitalize on their position as the first institutional investor; and (v) actively guide portfolio companies through a four-phase growth strategy (operating enhancement, organizational development, growth through replication and internal investment and growth through acquisition).

Investment Process

Investment Origination and Screening. The Advisers originate their investment opportunities both through direct sourcing efforts in their targeted sectors of expertise as well as through intermediaries. In each of their targeted sectors, the Advisers have built relationships with operating executives and industry resources that provide industry insights into specific companies, management teams, and trends which form the basis for investment ideas. The Advisers leverage their reputation to produce a relevant and regular flow of transaction ideas.

Due Diligence and Investment Decisions. The Advisers employ three to four of their professionals to conduct a rigorous and comprehensive industry and business analysis of each potential investment. As an investment opportunity progresses, the Advisers will begin recruiting executives and industry resources from Brentwood's extensive network to act as advisors on the investment. Concurrent with this intensive review, the Advisers identify opportunities for operating enhancements and strategy modifications which comprise the foundation of near-term operating plans. The Advisers regularly hold review meetings to discuss the status and critical issues of potential new investments. While the Advisers' culture emphasizes the meaningful participation of the entire professional staff, final investment decisions are made by the Principals.

Transaction Structuring. The Advisers typically invest in control situations, relying on a variety of structures, including recapitalizations, management buyouts, and growth equity investments. While professionals of the Advisers and their affiliates usually seek to constitute a majority of the board of directors, the Principals also actively recruit independent directors with meaningful relevant experience. The Advisers carefully tailor their portfolio company capital structures to provide sufficient flexibility for the execution of the company's growth plans. As a result, the Advisers often utilize conservative financial leverage in the initial stages of an investment while the company undertakes key operational and organizational initiatives, or to allow significant reinvestment of capital for growth. Because the Advisers seek investments with high unlevered returns on invested capital, most investments are not reliant upon financial leverage to generate attractive risk-adjusted returns.

Investment Criteria. In assessing potential transactions, the Advisers seek investments in portfolio companies that demonstrate, or with the Advisers' resources have the potential to achieve, the following characteristics: experienced management leadership with aligned incentives; strong performance culture focused on the customer; differentiation that is tangible to the customer; clear path to long-term growth; and high returns on invested capital.

Realization and Exits. The Advisers' growth focus provides them with flexibility with respect to the timing and method of exit, enabling the optimization of proceeds from each realization. The Advisers' growth strategy seeks to create companies that are attractive to strategic buyers - the most frequent form of exit for Brentwood investments - as well as financial buyers seeking platforms for further growth. In certain portfolio companies where rapid and extensive reinvestment of capital is a continuing part of the growth strategy, the Advisers may seek partial liquidity through an initial public offering. The Funds typically hold investments between four and seven years, although the timing of realizations will vary based on the market conditions of the industry sector, the company's execution of its long-term growth strategy, and the general tenor of debt and equity financial markets.

Risks of Investment

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. Investors should review each Fund's private placement memorandum for information regarding risks specific to each Fund. In general, the risks involved with the Advisers' investment strategy and an investment in each Fund include, but are not limited to, those described below.

Business Risks. A Fund's investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period are difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of the Principals' or a Fund's prior investments is not necessarily indicative of such Fund's future results. While the General Partner intends for a Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

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

Lack of Sufficient Investment Opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, a Fund's limited partners are required to bear management fees through the Fund during the investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the Partnership Agreements.

Dynamic Investment Strategy. While the Advisers generally intend to seek attractive returns for the Funds primarily through making private equity investments as described in the applicable private placement memorandum and Partnership Agreement, the Advisers may pursue additional investment strategies and may modify or depart from their initial investment strategy, investment process and investment techniques to the extent the Advisers determine such modification or departure to be appropriate and consistent with the relevant Partnership Agreement(s). The Advisers may pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. 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, will generally 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 a Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from such Fund's capital, including unfunded commitments.

Leveraged Investments. A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to forecast accurately, 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 company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been near historic lows) and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a 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 limited or costly at the time a 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 a Fund will invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other Funds and entities managed by the Advisers or any of their affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

Restricted Nature of Investment Positions. Generally, there is no readily available market for a substantial number of a Fund's investments, and hence, most of the Fund's investments are difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to an Adviser with respect to such investment.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of a Fund will be vested entirely with the General Partner, and such Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Principals currently, and in the future are expected to, manage other investment funds besides the Funds and the Principals may

need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Principals. Limited partners of a Fund generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund depends entirely on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Although the General Partner will monitor the performance of each Fund investment, it is primarily 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 or willing to successfully operate a company.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by an Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Conflicting Investor Interests. Limited partners of a Fund 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 Advisers 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, a 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.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the ability of the Principals, employees or other individuals associated with the Fund or the Advisers who were or may in the future be granted direct or indirect interests in the General Partner, to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from the Fund and the General Partner, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. These same issues also would apply to officers, directors and employees of the Fund's portfolio companies if such persons receive a profits interest in such companies.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a 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 a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. A Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks 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 a Fund and/or a Fund's partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or its partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil 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.

Significant Adverse Consequences for Default. Each Partnership Agreement provides for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting limited partner may be forced to transfer its interest in a Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited partners admitted or that increase their respective commitments to a Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

Non-controlling Investments. A Fund may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Director Liability. A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately such 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. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.

Advisory Board. The General Partner will appoint one or more limited partner representatives to the advisory board. Each Partnership Agreement will provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to a Fund or any other partner. In addition, representatives of the advisory board may have various business and other relationships with Brentwood and its partners, employees and affiliates. These relationships may influence their decisions as members of the advisory board.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective

strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

Material Non-Public Information. As a result of the operations of the Advisers, the Advisers frequently come into possession of confidential or material non-public information. Therefore, the Advisers may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Advisers' internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Valuation of Investments. Generally, the relevant Adviser will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each Adviser will determine the value of all the Funds' investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of an Adviser with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. 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 relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Brentwood or one of its service providers holding its financial or investor data, Brentwood, its affiliates or the Funds may also be at risk of loss.

Conflicts of Interest

Brentwood and its related entities engage in a broad range of advisory and non-advisory activities. Brentwood 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 Brentwood conducting its activities, the interests of a Fund may conflict with the interests of Brentwood, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Brentwood 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 committees of the participating Funds.

During a Fund's investment period, all appropriate investment opportunities will be pursued by the Principals through such Fund, subject to certain limited exceptions. Without limitation, the Principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investments. The Principals and Brentwood's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Principals may control or manage may potentially compete with companies acquired by a Fund. Following a Fund's investment period, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Brentwood will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Brentwood. In determining which investment vehicles should participate in such investment opportunities, Brentwood and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of Brentwood in a portfolio company may also raise the risk of using assets of a client of Brentwood to support positions taken by other clients of Brentwood.

Brentwood must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Brentwood generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Partnership Agreement, investment objectives, life-cycle and the percentage of Fund commitments that have been invested. Brentwood will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Partnership Agreements, Side Letters and Brentwood's procedures regarding allocation. Brentwood's procedures permit it to take into consideration a variety of factors in making co-investment determinations, including but not limited to: expressed interest in co-investment opportunities and the sector(s) contemplated by such opportunities; experience with co-investments; capacity to fund; expertise of the prospective co-investor; perceived ability to quickly execute on transactions; whether the person is an existing Fund investor; potential conflicts of interest and other appropriate factors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Brentwood or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Brentwood clients. When and to the extent that employees and related persons of Brentwood and its affiliates make capital investments in or alongside certain Funds, Brentwood and its affiliates are subject to conflicting interests in connection with these investments. 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 conflict not existed.

Brentwood's allocation of investment opportunities among the persons and in the manner discussed herein may not, and 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 Brentwood will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its 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 Brentwood may be subject, discussed herein, did not exist.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Brentwood and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, Brentwood will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Brentwood 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 or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to the applicable Partnership Agreement, expense allocation decisions will generally be made by Brentwood or its 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 different 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.

As a result of the Funds' controlling interests in portfolio companies, Brentwood and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Brentwood and/or its affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to Brentwood.

Additionally, a portfolio company typically will reimburse Brentwood or service providers retained at Brentwood's discretion for expenses (including without limitation travel expenses) incurred by Brentwood or such service providers in connection with its performance of services for such portfolio company. This subjects Brentwood and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Brentwood determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices and the applicable Partnership Agreement. 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 Brentwood or such service providers generally is subject to: agreements with portfolio company management teams; and the review and supervision of the board of directors of or lenders to portfolio companies. These factors help to mitigate related conflicts of interest.

Brentwood generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Brentwood or a related person of Brentwood (which may include a portfolio company of such Fund), (ii) an entity with which Brentwood or its affiliates or current or former members of their personnel has a relationship or from which Brentwood or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, Brentwood may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This subjects Brentwood to conflicts of interest, because although Brentwood selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Brentwood may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Brentwood, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Brentwood), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Brentwood has a relationship or receives financial or other benefit from recommending a particular service provider, 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.

Brentwood and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Brentwood and/or its affiliates; conversely, former personnel or executives of Brentwood and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Brentwood. Similarly, Brentwood, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Brentwood and/or its affiliates, and/or the Funds or other investment vehicles they advise. Brentwood may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Brentwood information about markets and industries in which Brentwood operates (or is contemplating operations) or will provide other services that are beneficial to Brentwood. Brentwood may have a conflict of interest in making such recommendations, in that Brentwood has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Brentwood, its affiliates, and equity holders, officers, principals and employees of Brentwood and its affiliates may buy or sell securities or other instruments that Brentwood has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Brentwood have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Brentwood, are reimbursed by a Fund and/or its portfolio companies, Brentwood will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to third party consultants (including consultants introduced or arranged by Brentwood and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein.

Because Brentwood's carried interest is based on a percentage of net realized profits, it may create an incentive for Brentwood to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Brentwood may not otherwise have done so.

Brentwood and/or its affiliates generally enter into Side Letters 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 notice rights, transfer rights, the right to opt-out of certain investments or other rights.

Any of these situations subjects Brentwood and/or its affiliates to potential conflicts of interest. Brentwood attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Brentwood'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, Brentwood will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Brentwood consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

DISCIPLINARY INFORMATION

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

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Brentwood III is affiliated with Brentwood IV and Brentwood V, each an investment adviser registered with the SEC under the Advisers Act in accordance with SEC guidance. Certain of the Principals, officers, employees and/or consultants of Brentwood IV and Brentwood V serve Brentwood III or other Brentwood affiliates in a similar capacity. These affiliated investment advisers operate as a single advisory business together with Brentwood III and serve as general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the "Code"), which sets forth standards of conduct that are expected of Brentwood principals and employees and addresses conflicts that arise from personal trading. The Code requires Brentwood personnel to report their personal securities transactions, requires pre-clearance for Brentwood personnel directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or a private placement, and prohibits Brentwood personnel from directly or indirectly acquiring beneficial ownership of certain securities, without first obtaining approval from Brentwood's Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Brentwood's Chief Compliance Officer at (310) 477-6611. 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 Advisers and their affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers 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 Advisers.

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

Principals and employees of Brentwood III and its affiliates may directly or indirectly own an interest in one or more Funds, including through BAPE III Executive, BAPE V Executive or another co-investment vehicle. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds. Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Brentwood will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients consistent with the applicable Partnership Agreements and Brentwood's policies and procedures as discussed above. Brentwood III, Brentwood IV and Brentwood V have invested, directly or indirectly through affiliates, approximately \$10 million in BAPE III (including BAPE III-A), approximately \$22 million in BAPE IV (including BAPE IV-AIV) and approximately \$38 million in BAPE V (including BAPE V-A and BAPE V Executive), respectively.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by Brentwood (the "Reference Funds") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives) in such Reference Funds.

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers 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 Brentwood does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If an Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser 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 Advisers 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 Advisers generally seek competitive commission rates, the Advisers 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 Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Brentwood generally does 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 Advisers’ Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Advisers, 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 Brentwood and its affiliates.

The Advisers will not employ any agreement or formula for the allocation of brokerage business on the basis of research services; however, the Advisers may, in their discretion, cause the 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 Adviser has 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 Adviser 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 Advisers will periodically determine which brokers have provided research that has been helpful in the management of the Funds. To the extent consistent with the Advisers' goal to obtain best execution for their clients, the Advisers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Advisers allocate brokerage business on the basis of research services, they may have an incentive to select or recommend broker-dealers based on their interest in receiving such research or other products or services, rather than based on the Funds' interest in receiving most favorable execution.

To the extent that Brentwood engages in significant public securities 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, Brentwood may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Brentwood may, but is 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 Brentwood 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. 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 Funds. 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 the Funds over time.

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 Advisers closely monitor companies in which the Funds invest, and Brentwood's Chief Compliance Officer periodically reviews each Fund's investments to confirm that each Fund is invested in accordance with its stated investment objectives.

Each Fund generally provides to its limited partners: (i) annual GAAP audited and quarterly unaudited financial statements and (ii) annual tax information necessary for each limited partner's tax return.

CLIENT REFERRALS AND OTHER COMPENSATION

The Advisers and their affiliates may enter into solicitation arrangements pursuant to which the Advisers compensate third parties for referrals that result in a potential investor

becoming a limited partner in a Fund. Any placement fee payable to any such placement agents generally is borne by the Advisers directly or indirectly through an offset against the applicable Fund's Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s). In connection with BAPE V and BAPE V-A, the Advisers retained UBS Securities LLC ("UBS") and Edgeline Capital, LLC ("Edgeline"), each a U.S. registered broker-dealer, to solicit investors for BAPE V and BAPE V-A. As compensation for its efforts, each of UBS and Edgeline is entitled to a fee based on a percentage of BAPE V and BAPE V-A commitments attributable to its solicitation efforts.

CUSTODY

The Advisers maintain custody of each Fund's assets held in each Fund's name with one or more of the following qualified custodians: Merrill Lynch, Pierce, Fenner & Smith, Inc., First Republic Bank and Citibank, N.A.

INVESTMENT DISCRETION

Each General Partner has discretionary authority to manage investments on behalf of its Fund. As a general policy, the General Partners do not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, however, the General Partners and/or their affiliates generally enter into Side Letters with certain limited partners that may have the effect of altering or varying, among other terms, the terms applicable to such limited partner's investment in the Fund, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Each General Partner assumes this discretionary authority pursuant to the terms of the applicable Partnership Agreement, and powers of attorney executed by the limited partners of the Fund.

VOTING CLIENT SECURITIES

The Advisers have adopted the Brentwood Proxy Voting Policies and Procedures (the "Proxy Policy") to address how they will vote proxies, as applicable, for each Fund's portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Funds' investors through the Principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Brentwood may address the conflict using several alternatives, including by seeking the approval or concurrence of the Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve an Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by Brentwood personnel or the Advisers' 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 Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Funds. Current and prospective investors who would like a copy of the Advisers' complete Proxy Policy or information

regarding how the Advisers voted proxies for particular portfolio companies should contact Brentwood's Chief Compliance Officer at (310) 477-6611, and such information will be provided at no charge.

FINANCIAL INFORMATION

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