

**INVESTMENT ADVISER BROCHURE**  
**COURT SQUARE CAPITAL MANAGEMENT, L.P.**

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This Investment Adviser Brochure (“**Brochure**”) provides information about the qualifications and business practices of Court Square Capital Management, L.P., a Delaware limited partnership (“**Court Square Capital**” or “**Court Square**”). If you have any questions about the contents of this Brochure, please contact us at 212-752-6110. 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.

Court Square Capital 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 Court Square Capital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

This Brochure contains material changes to the July 7, 2017 Form ADV Part 2 Other-Than-Annual Amendment (“**July 2017 Amendment**”) filed by Court Square Capital. Immediately below is a discussion of such changes. Such discussion sets forth only the material changes to the July 2017 Amendment.

This Brochure reflects the following material changes to the July 2017 Amendment: updating the descriptions of material risks, potential conflicts of interest and the business practices of the registrant.

## ADVISORY BUSINESS

Court Square Capital Management, L.P., a registered investment adviser, and its affiliated investment advisers, CSC Fund I GP, LLC (“**Fund I GP**”), Court Square Capital GP, LLC (“**Fund II GP**”), Court Square Capital GP III, LLC (“**Fund III GP**”), and together with Fund I GP and Fund II GP, the “**General Partners**”), Court Square Advisor LLC (“**Manager I**”), CSC Manager, L.P. (“**Manager II**”), and Court Square Capital Manager III, L.P. for Court Square Capital Partners III, L.P. and Court Square Capital Management, L.P. for Court Square Capital Partners III-A, L.P., Court Square Capital Partners (Executive) III, L.P. and Court Square Capital Partners (Offshore) III, L.P. Effective March 6, 2017, Manager III assigned management of the business and affairs of Court Square Capital Partners III, L.P. to Court Square Capital Management L.P. as well. (“**Manager III**”), and together with Manager I, Manager II, collectively, the “**Managers**” and the General Partners, the Managers and Court Square Capital Management, L.P., (collectively, the “**Advisers**”) provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. Each of the General Partners and each of the Managers are registered under the Investment Advisers Act pursuant to Court Square Capital’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner and each Manager, which operate as a single advisory business together with Court Square Capital Management, L.P. and referred to collectively as Court Square Capital.

Court Square Capital commenced operations in August 2006. As described in “Supplemental Information About Certain Managing Partners of Court Square Capital”, the Managing Partners (as defined below) worked together as a team of investment professionals prior to the founding of Court Square Capital.

Fund I GP has delegated the management of the business and affairs of Fund I to Manager I. Fund II GP has delegated the management of the business and affairs of Fund II to Manager II, which in turn has delegated such management to Court Square Capital Management, L.P. Fund III GP has delegated the management of the business and affairs of Fund III to Manager III, which in turn has assigned such management to Court Square Capital Management, L.P. for Court Square Capital Partners III-A, L.P., Court Square Capital Partners (Executive) III, L.P. and Court Square Capital Partners (Offshore) III, L.P. Effective March 6, 2017, Manager III assigned management of the business and affairs of Court Square Capital Partners III, L.P. to Court Square Capital Management L.P. as well. (See below for a list of Fund I, Fund II and Fund III funds; Fund I,

Fund II and Fund III each, a “**Fund**,” collectively, the “**Funds**” and together with any future private investment fund managed by Court Square Capital Management, L.P., the “**Private Investment Funds**”).

The Funds and any other Private Investment Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to as “portfolio companies”. Court Square Capital’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted subject to certain limitations set forth in the applicable Fund’s limited partnership agreement or exempted limited partnership agreement, as applicable (each, a “**Fund Agreement**”). The Managing Partners or other personnel of Court Square or its affiliates may serve on the Fund’s portfolio companies’ respective boards of directors or otherwise act to influence control over the management of a Fund’s portfolio companies.

Fund I GP, a Delaware limited liability company, is the general partner of the private funds listed below (together with Executive Fund I, any feeder vehicles, alternative investment vehicles, and other special purpose entities, “**Fund I**”).

- Court Square Capital Partners, L.P. (formerly known as Citigroup Venture Capital Equity Partners, Ltd, L.P.), a Delaware limited partnership (“**Main Fund I**”)
- CSC SSB Fund, L.P., a Delaware limited partnership (“**Employee I**”)

CVC Executive Fund LLC, a Delaware limited liability company that is not controlled by the Advisers or the Managing Partners, invests side-by-side with Main Fund I in each Fund I portfolio company on a pro rata basis (based on their respective capital commitments).

Park Avenue Plaza, LLC, a Delaware limited liability company, is indirectly controlled by the Managing Partners. Its sole purpose is to acquire, hold and dispose of limited partnership interest in Fund I.

Fund II GP, a Delaware limited liability company, is the general partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles) and other special purpose entities, “**Fund II**”).

- Court Square Capital Partners II, L.P., a Delaware limited partnership (“**Onshore II**”)
- Court Square Capital Partners (Executive) II, L.P., a Delaware limited partnership (“**Executive II**”)
- Court Square Capital Partners (Offshore) II, L.P., a Cayman Islands exempted limited partnership (“**Offshore II**”)
- Court Square Capital Partners II-A, L.P., a Delaware limited Partnership (“**Fund II-A**”)

While the substantial majority of the terms of each above-named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Fund Agreement for specific terms with respect to that private fund.

Additionally, Fund II affiliates are the manager of each of the following co-investment funds (collectively, the “**Fund II Co-Investment Funds**”), which were formed for the purpose of investing side-by-side with Fund II in a certain portfolio company investment of Fund II on the same terms on a *pro rata* basis based on relative commitment sizes of Fund II and the relevant Fund II Co-Investment Fund.

- CSC Encompass Holdings, LLC

Fund III GP, a Delaware limited liability company, is the general partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, “**Fund III**”).

- Court Square Capital Partners III, L.P., a Delaware limited partnership (“**Onshore III**”)
- Court Square Capital Partners (Executive) III, L.P., a Delaware limited partnership (“**Executive III**”)
- Court Square Capital Partners III-A, L.P., a Delaware limited partnership (“**Onshore III-A**”)
- Court Square Capital Partners (Offshore) III, L.P., a Cayman Islands exempted limited partnership (“**Offshore III**”)

While the substantial majority of the terms of each above-named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Fund Agreement for specific terms with respect to that private fund.

Additionally, Fund III affiliates are the manager of each of the following co-investment funds (collectively, the “**Fund III Co-Investment Funds**”), which were formed for the purpose of investing side-by-side with Fund III in a certain portfolio company investment of Fund III on the same terms on a *pro rata* basis based on relative commitment sizes of Fund III and the relevant Fund III Co-Investment Fund.

- CSC Insight Co-Investment, LLC
- CSC PlayCore Group Co-Investment, LLC

Court Square Capital's advisory services for the Private Investment Funds are further detailed in the applicable private placement memoranda and the supplements thereto (each, a "**Private Placement Memorandum**" and, collectively, the "**Private Placement Memoranda**"), the Fund Agreements and are further described below under "**Methods of Analysis, Investment Strategies and Risk of Loss.**" Investors in the 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 agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Funds or the General Partners have entered into side letters or other similar agreements with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the applicable Fund Agreement.

Additionally, 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, Court Square Capital's personnel and/or certain other persons associated with Court Square Capital and/or its affiliates alongside a particular Fund's transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on 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 a long holding period.

As of December 31, 2017, Court Square managed approximately \$4.234 billion in client assets on a discretionary basis. Court Square Capital is controlled by its general partner, CSC GP, LLC, a Delaware limited liability company ("**CSC GP**"). CSC GP is governed by a board of managers consisting of Christopher D. Bloise, John P. Civantos, William T. Comfort, Michael A. Delaney, Ian D. Highet, Thomas F. McWilliams, Joseph M. Silvestri, David F. Thomas, and John D. Weber. All members of CSC GP will collectively be referred to as the "**Managing Partners**". No single person is a principal owner of Court Square Capital or CSC GP. Manager I is controlled by Court Square Capital, which is the sole member of Manager I. No single person other than Court Square Capital is the principal owner of Manager I. Manager II is controlled by its general partner, CSC Manager GP, LLC, a Delaware limited liability company, which is controlled by the Managing Partners. No single person is the principal owner of Manager II or CSC Manager GP, LLC. Manager III is controlled by its general partner, CSC GP III, LLC, a Delaware limited liability company, which is controlled by the Managing Partners. No single person is a principal owner of Manager III or CSC GP III, LLC.

## **FEES AND COMPENSATION**

In general, Court Square Capital receives an asset-based "Management Fee" (as defined in each Funds' operating documents) in connection with the advisory services it provides to the Funds. Court Square Capital or other Court Square entities or affiliates receive additional

compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the Management Fee otherwise payable to Court Square Capital or its affiliates. Limited Partners in the Funds also bear certain fund expenses. In addition, Court Square Capital may receive compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds.

## **Management Fees**

### *Fund I*

**Effective January 1, 2013, Fund I GP ceased charging a Management Fee.**

### *Fund II*

Executive II and the Fund II Co-Investment Funds do not pay a Management Fee. Other than Executive II and the Fund II Co-Investment Funds, Fund II pays an annual Management Fee equal to 1.00% per annum of the net amount of (A) the aggregate amount of investment contributions of the Class A Limited Partners, less (B) the aggregate amount of distributions returned in respect of such investment contributions to the Class A Limited Partners, less (C) the aggregate amount of investment contributions of the Class A Limited Partners used to fund investments that have been completely written-off in accordance with Fund II's Fund Agreement, but only to the extent such written-off amount has not been returned to the Class A Limited Partners, less (D) the aggregate amount of investment contributions of the Class A Limited Partners used to fund investments that have been permanently written down, but only to the extent such written-down amount has not been returned to the Class A Limited Partners, in each case, determined as of the first day of the period with respect to which a determination is being made; provided, that distributions made to the Class A Limited Partners with respect to investments in a portfolio company shall be treated as having been distributed for purposes of clause (B) only to the extent the aggregate fair market value of all remaining investments in such portfolio company is less than the aggregate investment contributions with respect to all existing and former investments in such portfolio company, as determined on the first day of the period with respect to which a determination is being made. Throughout this Brochure, the “**Class A Limited Partners**” of a Fund mean the limited partners of such fund but excluding any Advisers or their respective affiliates who are also limited partners of such Fund.

With respect to Onshore II only, the Management Fee shall be reduced, over the life of Onshore II, by \$13,100,000 (the “**Fund II Fee Reduction Amount**”). In addition, the Management Fee payable on any Management Fee due date shall be reduced by an amount (each, a “**Fund II Periodic Reduction Amount**”) equal to the least of (A) the portion of the Fee Reduction Amount that Manager II has elected to apply to reduce the Management Fee otherwise payable on such Management Fee due date, (B) the amount that would be payable to Manager II on such Management Fee due date, without giving effect to any such reductions, waivers or offsets and (C) the excess, if any, of (i) the Fund II Fee Reduction Amount over (ii) the aggregate Fund II Periodic Reduction Amounts as of such date.

The Management Fee payable on any Management Fee due date was further reduced by \$14,384,005 (the “**Fund II Waived Fee Amount**”) which was equal to the lesser of (i) the amount of the Management Fee that Manager II has irrevocably elected to waive with respect to such Management Fee due date or (ii) the amount that would otherwise be payable to Manager II on or with respect to such Management Fee due date (after giving effect to any Fund II Periodic Reduction Amount but without giving effect to the Offset Amount (defined below) or the Waived Fee Amount). Any Fund II Periodic Reduction Amount and any Fund II Waived Fee Amount shall reduce later capital contributions of Manager II, in its capacity as a limited partner of Fund II, to Fund II and correspondingly increase later capital contributions of the other limited partners of Fund II. **Fund II Management Fees are subject to agreed-upon fee waivers.**

Manager II will apply the Class A Limited Partners’ share of (i) any placement agent fees paid by Fund II, (ii) any organizational expenses (other than placement agent fees) in excess of \$2,000,000 paid by Fund II and (iii) 80% of any Portfolio Company Fees (the aggregate amount of clauses (i), (ii) and (iii), the “**Fund II Offset Amount**”) to reduce the Management Fee; provided, that the Fund II Offset Amount shall be reduced by the amount by which Manager II has irrevocably elected to reduce the Management Fee payable on any Management Fee due date preceding the date on which such placement agent fee or such organizational expense is paid by Fund II or such Portfolio Company Fee is received. In the event that the Fund II Offset Amount to be applied against the Management Fee exceeds the Management Fee for the immediately succeeding quarterly period, such excess shall be carried forward to reduce the Management Fee payable in following quarterly periods. All remaining Portfolio Company Fees shall be retained by the applicable Fund II GP related person and shall not be subject to offset or rebate. Due to any reduction or waiver of Management Fees and/or timing of receipt of Portfolio Company Fees subject to offsets, it is possible that the Fund II Offset Amount will not be fully realized by investors in Fund II, resulting in an additional benefit to Court Square Capital. All Class B Limited Partners, including CSC Manager LP and the GP are paid their pro rata share, based on their original capital commitments, of 80% Offset Amount annually.

Fund II’s Management Fee will be further reduced in the circumstances and by the amounts described in the Fund II Fund Agreements. Capital Calls are sent to appropriate Limited Partner’s when the Management Fee is due. The Management Fee is payable in advance on a quarterly basis due on January 1, April 1, July 1 and October 1.

### *Fund III*

Executive III and Fund III Co-Investment Fund will not pay a Management Fee. Other than Executive III and Fund III Co-Investment Funds, Fund III pays a Management Fee equal to 1.50% of the aggregate commitments of the Class A Limited Partners for the period beginning on the Effective Date (as defined in the applicable Fund III Fund Agreement) and ending upon the earlier of (i) the date on which the commitment period of Fund III expires or is terminated and (ii) the date on which the operation of a new equity fund with primary investment objectives substantially similar to Fund III is commenced. Capital Calls are sent to appropriate Limited Partner’s when the Management Fee is due. The Management Fee is payable in advance on a quarterly basis due on January 1, April 1, July 1 and October 1.

Effective upon the earlier of (i) the date on which the commitment period of Fund III expires or is terminated and (ii) the date on which the operation of a new equity fund with primary investment objectives substantially similar to Fund III is commenced, the Management Fee will be reduced to 1.00% per annum of the net amount of (A) the aggregate amount of investment contributions of the Class A Limited Partners, less (B) the aggregate amount of distributions returned in respect of such investment contributions to the Class A Limited Partners, less (C) the aggregate amount of investment contributions of the Class A Limited Partners used to fund investments that have been completely written-off, but only to the extent such written-off amount has not been returned to the Class A Limited Partners, less (D) the aggregate amount of investment contributions of the Class A Limited Partners used to fund investments that have been permanently written down, but only to the extent such written-down amount has not been returned to the Class A Limited Partners, in each case, determined as of the first day of the period with respect to which a determination is being made; provided, that distributions made to the Class A Limited Partners with respect to investments in a portfolio company shall be treated as having been distributed for purposes of clause (B) only to the extent the aggregate fair market value of all remaining investments in such portfolio company is less than the aggregate investment contributions with respect to all existing and former investments in such portfolio company, as determined on the first day of the period with respect to which a determination is being made.

With respect to Onshore III only, the Management Fee shall be reduced, over the life of Onshore III, by \$15,000,000 (the “**Fund III Fee Reduction Amount**”). In addition, the Management Fee payable on each Management Fee due date shall be reduced by an amount (each, a “**Fund III Periodic Reduction Amount**”) equal to the least of (A) the portion of the Fee Reduction Amount that Manager III has elected to apply to reduce the Management Fee otherwise payable on such Management Fee due date, (B) the amount that would be payable to Manager III on such Management Fee due date without giving effect to any such reductions, waivers or offsets and (C) the excess, if any, of (i) the Fund III Fee Reduction Amount over (ii) the aggregate Fund III Periodic Reduction Amounts as of such date.

The Management Fee payable on any Management Fee due date shall be further reduced by \$18,778,000 (the “**Fund III Waived Fee Amount**”) equal to the lesser of (i) the amount of the Management Fee that Manager III has irrevocably elected to waive with respect to such Management Fee due date and (ii) the amount that would otherwise be payable to Manager III on or with respect to such Management Fee due date (after giving effect to any Fund III Periodic Reduction Amount but without giving effect to the Fund III Offset Amount (defined below) or the Fund III Waived Fee Amount). Any Fund III Periodic Reduction Amount and any Fund III Waived Fee Amount shall reduce later capital contributions of Manager III, in its capacity as a limited partner of Fund III, to Fund III and correspondingly increase later capital contributions of the other limited partners of Fund III. **Fund III Management Fees are subject to agreed-upon fee waivers.**

Manager III will apply the Class A Limited Partners’ Share of (i) any placement agent fees and expenses paid by Fund III, (ii) any organizational expenses (other than placement agent fees and expenses) in excess of \$3,000,000 paid by Fund III, and (iii) 100% of any Portfolio Company Fees (the aggregate amount of clauses (i), (ii) and (iii), the “**Fund III Offset Amount**”) to reduce the Management Fee for the quarterly period succeeding the quarterly period in which such placement agent fee or such organizational expense was paid by Fund III or such Portfolio

Company Fee was received; provided, that the Fund III Offset Amount shall be reduced by the amount by which Manager III has irrevocably elected to reduce the Management Fee payable on any Management Fee due date preceding the date on which such placement agent fee or such organizational expense is paid by Fund III or such Portfolio Company Fee is received. In the event that the Fund III Offset Amount to be applied against the Management Fee exceeds the Management Fee for the immediately succeeding quarterly period, such excess shall be carried forward to reduce the Management Fee payable in following quarterly periods. Any such excess Fund III Offset Amount that is attributable to Portfolio Company Fees that remains unapplied as of the dissolution of Fund III shall be retained by the applicable Fund III GP related persons. As of the final distribution of Fund III's assets, the Fund III GP, Manager III or any of their affiliates shall rebate directly to any Class A Limited Partner that has elected to receive its pro rata share of such excess Fund III Offset Amount an amount of Management Fees equal to the lesser of (i) the product of (x) such excess Fund III Offset Amount, multiplied by (y) a fraction, the numerator of which is such Class A Limited Partner's commitment, and the denominator of which is the commitments of all Class A Limited Partners and (ii) the aggregate Management Fees previously paid by such Class A Limited Partner. All Class B Limited Partners, including Court Square Capital Manager III, LP, and the GP are paid their pro rata share, based on their original capital commitments, of Offset amount annually.

Fund III Management Fee will be further reduced in the circumstances and by the amounts described in the Fund III Fund Agreements. Capital Calls are sent to appropriate Limited Partner's when the Management Fee is due. The Management Fee is payable in advance on a quarterly basis due on January 1, April 1, July 1 and October 1.

### **Other Information**

Court Square Capital is permitted to exempt certain investors in Private Investment Funds from payment of all or a portion of Management Fee and/or Carried Interest, including Court Square Capital and any other person designated by Court Square Capital. Any such exemption from fees and/or Carried Interest may be made by direct exemption, a rebate by Court Square Capital and/or its affiliates, or through other Private Investment Funds which co-invest with the Funds. For example, in instances where a Court Square Capital professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds and any other Private Investment Funds invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Fund Agreements over the term of the Funds (or the relevant Private Investment Funds, as applicable) and limited partners generally are not permitted to withdraw or redeem interests in the Funds (or other relevant Private Investment Funds, as applicable). The General Partners reserve the right to waive all or a portion of any Management Fee and/or Carried Interest payable by limited partners of their respective Funds or other Private Investment Funds.

In addition to the Management Fee and Carried Interest, the Funds bear certain expenses. As set forth in their Fund Agreements, the Funds may bear certain expenses to the extent not paid by portfolio companies, including legal, accounting, auditing, investment banking, travel, printing, consulting, research, brokerage, finder's fees, custody, transfer, government and registration, insurance, advisory board, annual meeting, interest, taxes and other similar fees and expenses including any such expenses incurred in connection with proposed transactions for which Court Square Capital had selected such Fund as a proposed investor but that are not consummated ("**Broken Deal Expenses**"), but not Court Square Capital expenses in connection with the maintenance and operation of its offices (such as compensation of its employees, rent, utilities and general office expenses). The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of Court Square Capital and/or its affiliates. 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 practices set forth in "Brokerage Practices." The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund. Co-Investment Funds generally are formed in connection with the consummation of a transaction. Accordingly, where a proposed transaction is not consummated, no Co-Investment Fund generally will have been formed, and the full amount of any Broken Deal Expenses relating to any such proposed transaction would therefore be borne by the Fund or Funds selected by Court Square Capital as proposed investors for such proposed transaction. It is generally the practice of Court Square Capital to determine that certain expenses (certain legal, certain accounting, investment banking, travel, printing, certain consulting, research, brokerage, finder's fees, custody, transfer, government and registration, insurance, advisory board, interest, taxes and other similar fees and expenses) **to the extent not paid by the portfolio companies**, as well as certain Broken Deal Expenses, will be paid by the Court Square Capital Management company and will not pass the expenses thru to the Funds.

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 all such 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. While highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Court Square Capital 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 Court Square Capital's related policies and the relevant Partnership Agreement(s) and/or side letter(s) or similar agreements. Where a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many 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 or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction may be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle may bear its share of such Broken Deal Expenses. However, as discussed above, it is the practice of Court Square Capital Management company to bear these costs.

As a matter of practice, Court Square Capital is typically paid fees that may offset the applicable Management Fees of the Funds of the type referred to in the foregoing paragraphs from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which may be significant.

Principals or other current or former employees, including Resource Partners of Court Square Capital and its affiliates generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Court Square Capital or its affiliates.

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

Court Square Capital does not receive a carried interest allocation (“**Carried Interest**”) for its advisory services to the Funds. Rather, Fund I GP receives a Carried Interest equal to 20% of all aggregate realized profits from the Class A and C Limited Partners of Main Fund I. Fund I GP receives a Carried interest equal to 13.085% of all aggregate realized profits from SSB I. Fund I does not receive a carried interest or management fee for its oversight of CVC Executive Fund LLC. Fund II GP receives a Carried Interest equal to 20% of all aggregate realized profits from the Class A Limited Partners of Onshore II, Offshore II and Executive II, and a Carried Interest equal to 16% of all aggregate realized profits from the Class A Limited Partners in Fund II-A. Fund III GP receives a Carried Interest equal to 20% of all aggregate realized profits from the Class A Limited Partners of Onshore III, Offshore III, Onshore III-A and Executive III. Carried Interest is more fully described in each Fund’s respective Fund Agreement. If any General Partner receives Carried Interest distributions during the life of the applicable Fund which are, in the aggregate, in excess of 20% (or 16%, in the case of Fund II GP with respect to Fund II-A) of such Fund’s cumulative net profits, then such excess Carried Interest distributions will be subject to repayment by such General Partner. The Co-Investment Funds are not subject to a Carried Interest. Other than the Co-Investment Funds, the Advisers do not advise Private Investment Funds not subject to a Carried Interest, although the General Partners may waive Carried Interest with respect to certain affiliated limited partners in the applicable Fund, as described under “**Fees and Compensation.**”

## TYPES OF CLIENTS

Court Square Capital provides investment advice to Private Investment Funds, including the Funds. Private Investment Funds may include 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 investors participating in Private Investment 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, Managing Partners or other employees of Court Square Capital and its affiliates and members of their families or other service providers. Each of Fund I, Fund II and Fund III is closed to new investors.

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

### General

Court Square Capital generally invests in middle-market buyouts in businesses predominantly in the U.S. that Court Square believes possess earnings growth potential. Court Square believes that it has the expertise, network and experience to identify investment opportunities and create value in its portfolio companies.

Court Square primarily invests in the following sectors: business services, general industrial, healthcare, and technology & telecommunications (the “**Target Industries**”). Court Square typically acquires a controlling equity interest in its portfolio companies. Fund III, for example, will typically make equity investments of approximately \$50 million to \$350 million in companies that have an enterprise value of \$150 million to \$1.5 billion.

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

### Investment and Operating Strategy

#### Sourcing Advantages

Court Square identifies investment opportunities by relying on a network of relationships, domain expertise and a reputation built over three decades of middle-market investing. Court Square targets investments where Court Square has preferential or exclusive access outside of broad auctions. In such situations, Court Square often benefits from more time and broader access to management and the business, enabling a more accurate assessment of an investment’s opportunities and risks. Using its network, domain expertise and reputation, Court Square hopes to source investments on the preferential or exclusive basis.

*Broad Network.* Court Square has built and maintained an extensive network of relationships over the last 30+ years of middle-market investing. The foundation of Court Square’s sourcing is the network of current and former portfolio company executives, board members and

investment partners with whom Court Square has built relationships—these relationships play a role throughout the investment process, including in evaluating, executing and monitoring investments.

Supplementing these relationships, Court Square may utilize from time to time Executive Advisers. Executive Advisers are independent consultants who may identify potential transactions and provide industry information and/or analysis to Court Square. Executive Advisers are compensated by Court Square for these consulting services, but Executive Advisers do not represent Court Square nor are they authorized to act on behalf of Court Square. In some situations, an Executive Adviser may be paid by a portfolio company for due diligence performed for the portfolio company or the new portfolio company may request that the Executive Adviser join its Board of Directors. The portfolio company will pay the Executive Adviser fees for advisory services rendered directly to the portfolio company. These services provided to the portfolio company are independent of Court Square and part of the Executive Advisers role as independent consultants. All compensation received from the portfolio company by the Executive Adviser is outside the scope of the Manager or the Funds. There may be a situation where an Executive Adviser performs such services for Court Square Capital and/or a portfolio company where they may be deemed an affiliate of Court Square Capital. In this case, any compensation received by the Executive Adviser from the portfolio company will be used to offset the management fee charged by the appropriate Court Square Fund in the next quarterly period.

*Domain Expertise.* Court Square believes it possesses insight, experience and relationships in the Target Industries. Court Square looks for underlying industry dynamics and trends that it believes will drive strong growth and then seeks businesses that are well-positioned to take advantage of such trends. Court Square strives to regularly re-evaluate its sourcing focus based on changing industry trends and conditions. Court Square regularly monitors its Target Industries for underappreciated or under-resourced sectors that represent potentially attractive investment opportunities.

*Experience / Reputation.* Over its numerous years of investing, Court Square believes it has developed the reputation as a reliable buyer and value-added partner. Court Square believes that these qualities are important in situations where a seller will have a continued interest in, or an ongoing relationship with, the business, or when management teams have significant influence over a target's sale process. In cases where the seller is seeking more than just the highest price, Court Square believes its reputation as a responsible owner and value-added partner may position Court Square as a preferential acquirer.

#### *Disciplined Investment Culture*

Court Square believes it has developed a disciplined investment culture; one based on significant financial commitment from Court Square itself, which creates a strong alignment of interest within Court Square and with the limited partners. Court Square believes its investment process is thorough and data-driven. Court Square values active senior partner involvement, early and frequent interaction with the investment committee and transparency and open debate of investment issues.

*Alignment of Interests.* Court Square's participation through significant co-investment continues to be a core principle. With a substantial amount of personal capital invested, Court

Square and its Investment Team (as defined below) not only stand to benefit on the upside, but also lose significant personal capital if a Fund experiences a loss. Court Square believes this commitment demonstrates the Investment Team's confidence in its capabilities and investment strategy and also creates a strong alignment of interest within Court Square and with its limited partners. To further reinforce this alignment of interests, all members of the Investment Team (including the Managing Partners and Court Square partners, principals and vice presidents) receive participation in a Fund's carried interest.

*Collaborative and Transparent Culture.* To fully leverage the Investment Team's investment experience, consisting of the Managing Partners and Court Square partners (collectively, the "**Investment Team**"), Court Square believes it has created a culture that encourages open and candid debate of an investment's merits and issues. Court Square's deal teams typically consist of five to six investment professionals, including two managing partners, to ensure each team benefits from Court Square's experience. Court Square places considerable emphasis on the transparent and balanced presentation of the business risks and opportunities throughout the investment evaluation process. Each transaction typically receives early and frequent review by the investment committee to ensure that key investment considerations have been identified and adequately addressed. Investment committee materials are distributed throughout Court Square and all investment professionals are encouraged to share their experience and insights. Court Square believes its collaborative approach leverages the considerable experience resident in Court Square and results in more balanced and informed investment committee decisions.

*Fact-based, Data-Driven Approach.* Court Square typically conducts extensive due diligence designed to thoroughly evaluate a business. Court Square believes that such due diligence identifies value creation opportunities and accesses the management team's ability to achieve a business's potential. Court Square also utilizes its network of current and former portfolio managers to assist in business and operational evaluations through discussions with industry experts, competitors, customers, suppliers, employees and former employees.

Court Square normally develops a financial model based on key business drivers. In addition to formulating a conservative base case, the Investment Team typically conducts sensitivity analysis to gain an understanding of the implications resulting from changes to projection assumptions and economic environments. Court Square believes it takes a conservative approach when designing each capital structure to ensure that the amount and terms of the leverage provide a business with flexibility in the event of an economic downturn or unexpected business disruption.

#### *Portfolio Company Value Creation*

Court Square strives to build strong management teams and works closely with them to identify and pursue each business's key value drivers. The development of a value-creation roadmap begins in the due diligence process and is subsequently refined and implemented promptly after acquisition. Value creation is pursued using multiple levers, including revenue growth, cost reduction, cash flow management, acquisitions, divestitures and strategic repositioning. In situations where unique skills or knowledge are required, Court Square augments the management team by accessing its network of operating executives and other specialists.

*Support and Build Strong Management Teams.* Court Square focuses on supporting and building strong management teams. Beginning with the due diligence process, Court Square evaluates the senior management team to determine what changes or additions might be necessary to achieve a business's full potential. Given the importance of high-quality portfolio company management, prospective management teams often meet with the investment committee. Once an investment has been made, Court Square continues to assess the management team based on performance and changing business needs to ensure the management team is properly resourced to effectively execute its business plan. Where changes to the senior management team are necessary, Court Square works with the portfolio company to recruit appropriate talent. Court Square also implements an equity driven compensation program to align the interests of Court Square and the management team.

*Active Participation.* Upon acquiring a portfolio company, members of the Investment Team responsible for evaluating the opportunity typically serve on the board of directors (or equivalent body) of such portfolio company and become responsible for overseeing the investment. Since multiple senior members of the Investment Team are actively involved in every transaction, each investment continues to benefit from the ongoing involvement of several highly-seasoned investment professionals. In some cases, Court Square may recruit an outside board member to add specific perspectives or skills to help a portfolio company. However, Court Square is typically the lead investor and the members of Investment Team generally control the board of directors of the Court Square's portfolio companies.

Court Square typically works closely with portfolio company senior management on significant strategic, operational and organizational initiatives. The responsible members of the Investment Team are in regular contact with management, discussing the progress and challenges in achieving a company's value creation with the goal of ensuring that it is appropriately resourced. Court Square also employs Resource Partners that work directly with portfolio company management to enhance performance and efficiencies. Court Square Resource Partners are employees of Court Square and Court Square portfolio companies do not pay any fees to either Court Square or the Resource Partners for their services. In addition to significant informal interaction, Court Square holds monthly performance reviews and attends company board meetings to review key financial and operational metrics. Court Square also executes monthly performance reviews and semi-annual investment committee updates. This continual internal review process is intended to ensure early detection of issues so that an appropriate mitigation plan can be initiated.

## **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 Adviser's investment strategy and an investment in the Funds include, but are not limited to:

*Business Risks.* Each Fund's investment portfolio is expected to 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.

*Relation to Other Investment Results.* The prior investment results of the Court Square investment professionals, including with respect to prior funds and investments are not indicative of a Fund's future investment results. The nature of, and risks associated with, a Fund's future investments may differ substantially from those investments and strategies undertaken historically by the Court Square investment professionals, including target return levels, level or risk associated with a particular investment, amount of invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period. There can be no assurance that a Fund's investments will perform as well as the past investments of the Court Square investment professionals or that a Fund will be able to avoid losses.

*Competition for Suitable Investments.* A Fund will compete for the acquisition of investments with other investors, some of whom will have greater resources than such Fund. Such competitors may include investment funds as well as individuals, large publicly-traded companies, financial institutions and other institutional investors. Further, over the past several years, an ever-increasing number of private investment funds have been formed (and many existing funds have grown in size). The availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and structuring and competition for such opportunities may become more intense. There are no assurances that a Fund will be able to find a sufficient number of attractive opportunities to meet its investment objectives and to enable the full amount of capital committed to such Fund to be invested. Nonetheless, investors will be required to bear management fees through a Fund during the commitment period based on the entire amount of the limited partners' commitment and other expenses as set forth in the applicable partnership agreement.

*Limited Number of Investments.* A Fund may invest in a limited number of companies and as a consequence, the aggregate returns realized by investors may be substantially adversely affected by the unfavorable performance of a small number of such investments. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

A Fund may provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the applicable Fund's partnership agreement, in which case the investment would be treated as a permanent investment of such Fund. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected.

*Nature of Investments by the Fund.* An investment in a Fund should be viewed as illiquid and requires a long-term commitment with no certainty of return. There will most likely be little or no near-term cash flow available to investors in a Fund. Most of a Fund's investments will be highly illiquid, as such Fund will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "**Securities Act**") or in a private placement or other transaction exempt from registration under the Securities Act and, even if registered, such securities may never become publicly tradable. Accordingly, there can be no assurance that a Fund will be able to realize such investments in a timely manner, and most of a Fund's investments will be difficult to value. Moreover, distributions in-kind of illiquid

securities to the investors may be made. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The securities in which a Fund invests will generally be among the most junior in a company's capital structure, and thus subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment. In addition, a Fund may hold non-controlling interests in many of its portfolio companies, and therefore, may have a limited ability to protect its position and interests in such portfolio companies. General economic or industry-specific conditions, which are not predictable, can have a material adverse impact on such investments.

*Leveraged Investments.* Subject to certain limitations, a 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, including companies not rated by credit agencies. Leverage generally magnifies both a 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 is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to a Fund that may not be covered by distributions made to such Fund or appreciation of its investments. 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 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 and could accelerate and magnify declines in the value of a Fund's investments in 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 such 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 the Funds invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guarantee indebtedness (such as a guarantee of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. 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 investment funds and entities managed by the General Partner or any of its 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 guarantees), 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. In addition, borrowings by a Fund may be secured by the Partners' commitments as well as by such Fund's assets.

*Illiquidity of Investment.* Investment in the Fund requires the financial ability and willingness to accept significant risks of illiquidity. The interests in the Funds have not been registered under the Securities Act or any other applicable securities law. There is no public market

for the interests in the Funds, and none is expected to develop. The interests will not be redeemable and will not be transferable without the prior consent of the General Partners. Investors may not withdraw capital from the Funds. Consequently, investors may not be able to liquidate their interests prior to the end of the terms of the Funds. In addition, because each Fund has a finite term, investments made by each Fund may not be ready to be sold or disposed of at the end of such term. As a result, there may be in-kind distributions of interests in such investments, which may be illiquid securities. Furthermore, the proceeds upon disposition of such securities could be significantly less than their fair value.

*Foreign Investments.* Subject to certain limitations, a Fund may invest in portfolio companies that are organized and operating 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 Funds), 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 Funds and/or investors in the Funds with respect to each Fund's income, and possible non-U.S. tax return filing requirements for the Funds and/or investors in the Funds. 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.

*Reliance on Portfolio Company Management.* Although the General Partners will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although Court Square 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 in accordance with each Fund's objectives.

*Risk Arising from Provision of Managerial Assistance.* The investment professionals of Court Square and the Advisers may take an active role in the management of portfolio companies. The Funds will typically seek to designate investment professionals of Court Square to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Funds and their representatives to claims by a portfolio company, its security holders and its creditors. 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 a Fund's investment activities. While the Advisers intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

*Potential Contingent Liabilities.* In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business or may be responsible for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors of such Fund to the extent that they have received prior distributions from such Fund or to the extent that they have undrawn commitments at such time.

*Financial Projections.* The General Partners will generally establish the capital structures of companies in which the Funds invest on the basis of financial projections for such companies. Projected operating results or a company in which a Fund invests will normally be based primarily on management judgments. In all cases, projections are only estimates of future results, which are based upon information received from the company and third parties and assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections. General economic and industry-specific conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

*Impact of Regulation.* A Fund may focus, in part, on investments in the media, communication and information industries, sectors of which are regulated by the Federal Communications Commission (“FCC”) and other regulatory bodies. Many of the companies in which a Fund invests will be subject to regulation by the FCC and, in some cases, to other governmental regulation in the United States and elsewhere. The products or services of such companies are dependent upon obtaining regulatory clearances and approvals in various jurisdictions. The process of obtaining such approvals can be lengthy, expensive and uncertain, and there is no assurance that such approvals will be obtained. Failure to obtain such approvals could have a significant adverse effect on such a portfolio company’s performance or the ability of a Fund to dispose of its investments in such portfolio company at an attractive time or price.

*Public Company Holdings.* Subject to certain limitations, a Fund’s investment portfolio may contain securities issued by publicly-held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies’ executives and board members, including the General Partners and its investment professionals, and increased costs associated with each of the aforementioned risks.

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. In the unlikely situation where the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies

or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*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 the 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 the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. Each Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

*Valuation of Investments.* Generally, the relevant General Partner 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 General Partner will determine the value of all the Fund's 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 General Partner 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 a General Partner 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. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

*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 Court Square Capital or one of its service providers holding its financial or investor data, Court Square Capital, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Court Square Capital's policies.

## **Conflicts of Interest**

*General.* Court Square Capital and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. In the ordinary course of Court Square Capital conducting its activities, the interests of a Fund may conflict with the interests of Court Square Capital, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Court Square Capital 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.

*Other Activities of the Investment Team.* Members of the Investment Team will devote such time 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. However, it is expected that members of the Investment Team will provide management and advisory services to other Funds, and in such event, will be required to devote such time and commitment as may be necessary to perform such services diligently and in a professional manner. Therefore, conflicts of interest may arise in allocating time, services or functions among a Fund and other Funds.

*Potential Conflicts between Funds.* Court Square Capital will continue to own and operate the portfolio companies of Fund I, Fund II and Fund III and, accordingly, will have an economic interest in their performance. Additionally, until such time as Fund II GP determined that Fund II no longer had any capital available to make investments in portfolio companies (after taking into account reserves for follow-on investments and fees and expenses), Fund III was required, under certain circumstances, to offer 50% (but not more than Fund II's available capital after taking into account any amounts received for follow-on investments and reasonably anticipated expenses of Fund II) of all of such investment opportunity to Fund II. Fund II GP has determined that Fund II no longer has available capital to make investments in new portfolio companies.

It is anticipated that the portfolio companies of Fund II and Fund III will continue to make acquisitions and investments, and these activities, as well as the management of pre-existing investments, will require significant involvement by the Investment Team. It is possible that certain of the acquisitions and investments made by portfolio companies of Fund II or Fund III may compete with, or otherwise have a conflict of interest with one of the other Funds or its portfolio companies.

Court Square Capital may continue to receive incentive compensation from any follow-on investments made by Fund I or Fund II, which differs from such opportunities and compensation received in connection with any such investment made by Fund III. Fund III will not participate in any amounts so received by Court Square Capital.

Although uncommon, from time to time Court Square Capital may cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds, or co-investors or co-investment vehicles. Such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the Funds' partnership agreements or otherwise in the sole discretion of Court Square Capital, Court Square Capital may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund (including, where authorized, the consent of each Fund's advisory committee) to such transactions. In certain circumstances, Court Square Capital

may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. Court Square Capital intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

*Allocations of Investment and Co-Investment Opportunities.* During the commitment period of a Fund, all appropriate investment opportunities will be pursued by Court Square Capital principals through such Fund, subject to certain limited exceptions. Without limitation, Court Square Capital 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. Court Square Capital's principals and Court Square Capital's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Court Square Capital principals may control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, Court Square Capital principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Court Square Capital 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 Court Square Capital. In determining which investment vehicles should participate in such investment opportunities, Court Square Capital and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of Court Square Capital in a portfolio company may also raise the risk of using assets of a client of Court Square Capital to support positions taken by other clients of Court Square Capital.

Court Square Capital must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Court Square Capital generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Partnership Agreement, investment objectives, strategies, life-cycle and structure. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. Court Square Capital 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 or similar agreements and Court Square Capital's procedures regarding allocation. Court Square Capital's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); and the size of the investment allocation and the practicality of dividing it up among multiple co-investors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Court Square Capital 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 Court Square Capital investors. When and to the extent that employees and related persons of Court Square Capital and its affiliates make capital investments in or alongside certain Funds, Court Square Capital 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.

Court Square Capital'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 Court Square Capital 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 Court Square Capital may be subject, discussed herein, did not exist. In certain cases, Court Square Capital will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant partnership agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Court Square Capital will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant partnership agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

*Relationship with Other Entities.* Court Square Capital may manage a number of private investment funds in the future, which may have investment objectives similar to those of a Fund. In addition, following the expiration or termination of the commitment period of a Fund, Court Square Capital may and likely will focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

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. Court Square Capital 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.

*Allocation of Fees and Expenses.* Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, Court Square Capital 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, Court Square Capital 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, except that Court Square Capital has in the past, and expects in the future, to bear the share of certain expenses otherwise allocable to certain co-invest vehicles. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Court Square Capital 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.

*Reimbursements.* As a result of the Funds' controlling interests in portfolio companies, Court Square Capital 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. Although not our general practice, portfolio company board members can approve compensation and/or other amounts payable to Court Square Capital and/or its affiliates. Such amounts will offset against any Management Fees. A portfolio company may similarly reimburse Court Square Capital or service providers retained at Court Square Capital's discretion for expenses (including without limitation travel expenses) incurred by Court Square Capital or such service providers in connection with its performance of services for such portfolio company. This potentially subjects Court Square Capital 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. Court Square Capital determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to Court Square Capital or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

*Selection and Retention of Services Providers.* Court Square Capital generally exercises its discretion to recommend to a Fund or to a portfolio company that it contract for services with (i) Court Square Capital or a related person of Court Square Capital (which may include a portfolio company of such Fund), (ii) an entity with which Court Square Capital or its affiliates or current or former employees has a relationship or from which Court Square Capital or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, Court Square Capital 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 Court Square Capital to conflicts of interest, because although Court Square Capital 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, Court Square Capital 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 Court Square Capital, 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 Court Square Capital), 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 Court Square Capital 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.

Court Square Capital 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 Court Square Capital and/or its affiliates; conversely, current or former personnel or executives of Court Square Capital and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Court Square Capital. Similarly, Court Square Capital, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. 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, Court Square Capital and/or its affiliates, and/or the Funds or other investment vehicles they advise. Court Square Capital 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 Court Square Capital information about markets and industries in which Court Square Capital operates (or is contemplating operations) or will provide other services that are beneficial to Court Square Capital. Court Square Capital may have a conflict of interest in making such recommendations, in that Court Square Capital 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. To date, Court Square Capital does not believe that this has ever occurred but the possibility of it occurring does exist.

Court Square Capital, its affiliates, officers, principals and employees may buy or sell securities or other instruments that Court Square Capital has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the applicable Fund's partnership agreement and any policies and procedures set forth in Court Square Capital's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Court Square Capital 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.

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

*Carried Interest.* A General Partner's carried interest is based substantially on the performance of the applicable Fund. This arrangement could incent such General Partner to select investments that are riskier or more speculative than it would otherwise make in the absence of such performance-based compensation.

*Diverse Limited Partner Group.* The limited partners are expected to include U.S. taxable and tax-exempt entities and institutions from jurisdictions outside of the United States. Such limited partners may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by such Fund, the structuring of the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the applicable General Partner, including with respect to the nature or structuring of investments, that may be more beneficial for one limited partner than for another limited partner, especially with respect to limited partners' individual tax situations. In addition, a Fund may make investments that may have a negative impact on related investments made by the limited partners in separate transactions. In selecting and structuring investments appropriate for a Fund, the General Partner will consider the investment and tax objectives of such Fund and the Partners as a whole, rather than the investment, tax or other objectives of any limited partner individually.

By acquiring an interest in a Fund, each limited partner shall be deemed to have acknowledged the existence of any such potential conflict of interest and to have waived any claim with respect to any liability arising from the existence of such conflict of interest.

*Side Letters.* Court Square Capital may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

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

*Material Non-Public Information.* As a result of the operations of Court Square Capital and its affiliates, Court Square Capital frequently comes into possession of confidential or material

non-public information. Therefore, Court Square Capital and its affiliates 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 Court Square Capital's 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.

## **DISCIPLINARY INFORMATION**

Court Square Capital 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**

Court Square Capital is affiliated with other Court Square investment advisers that may not be registered with the SEC under the Advisers Act pursuant to Court Square Capital's single registrant approach in accordance with SEC guidance. These entities operate as a single advisory business together with Court Square Capital and may serve as managers or general partners of the Funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. Based on the nature of Court Square Capital's relationship with its affiliated investment advisers, such relationships do not create material conflicts of interest with Court Square Capital's Funds.

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

The Advisers have adopted the Court Square Capital Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Court Square Capital Managing Partners and employees and addresses conflicts that arise from personal trading. The Code requires certain Court Square Capital personnel to report their personal securities transactions, prohibits or requires pre-clearance for Court Square personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or private placement, and prohibits Court Square personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Court Square 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 limited partner or prospective limited partner upon request to Anthony P. Mirra, the Court Square Capital Chief Compliance Officer, at 212-752-6772. 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 nonpublic 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, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers 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 the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Managing Partners and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including the Fund or certain co-investment vehicles. 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-invest vehicles or directly in a particular portfolio company. Additionally, the Funds and other Private Investment Funds may invest together with other funds advised by an affiliated adviser of Court Square Capital in the manner set forth in their Fund Agreements. The Advisers will determine the allocation of investment opportunity in a manner that it believes is fair and equitable to its clients consistent with the Advisers' obligations and may take into consideration factors such as the following: the client's investment restrictions and objectives (including those set forth in the relevant client's governing documents, where applicable), investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk.

The Advisers and their affiliates, the Managing Partners and other employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

The operative documents and investment programs of certain vehicles sponsored by Court Square Capital (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 limited partners (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 a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers 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, 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 Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since its inception. 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’ 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 Advisers, 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 among the Advisers and their affiliates.

The Advisers do 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 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

Advisers 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 Advisers 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 its Private Investment Funds. To the extent consistent with the Advisers' goal to obtain best execution for the Funds, 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 Adviser allocates brokerage business on the basis of research services, it 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 its Private Investment Funds' interest in receiving most favorable execution.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers 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 Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers 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 Advisers 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. To the extent such orders are not batched, they 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 Funds.

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.

In Court Square Capital's private company securities transactions on behalf of the Funds, Court Square Capital may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Court Square Capital may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Court Square Capital generally will seek reasonable rates for such services, the

market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

## **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, Court Square Capital closely monitors companies in which the Funds invest, and the Court Square Capital Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

Each Fund will provide to each of its limited partners, unless approved otherwise by its limited partners, (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Court Square Capital and/or its affiliates may provide certain business or consulting services to companies in each Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Fund Agreements, this compensation will, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (e.g., reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees. See **"Fees and Compensation"**

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential limited partner becoming a limited partner in a Fund or other Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by Court Square Capital indirectly through an offset against the 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).

## **CUSTODY**

Court Square Capital will be deemed to have custody of the assets of the Funds due to (i) Court Square Capital's ability to withdraw the Funds' cash and/or securities held with a custodian upon instruction to the custodian; and (ii) affiliates of Court Square Capital serving as the Fund's General Partners. Therefore, Court Square Capital is subject to the Custody Rule.

In accordance with the Custody Rule, Court Square Capital will adhere to the applicable requirements for the Custody Rule with respect to the Funds' public assets. The CCO will ensure that all privately offered securities, not held at a qualified custodian, do not violate the Private Security Exemption provided in the Custody Rule; so long as such securities are (i) acquired from the issuer in a transaction not involving any public offering, (ii) uncertificated (with ownership recorded only on the books of the issuer or its transfer agent in the name of the Fund), and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. Court Square Capital is responsible for arranging for annual independent audits of the Funds by a major accounting firm within 120 days of the Funds' fiscal year end and for obtaining audited financial statements prepared in accordance with GAAP. Court Square Capital arranges for the delivery of such audited financial statements to investors of the Fund within 120 days of the Funds' fiscal year end.

## INVESTMENT DISCRETION

Court Square Capital has discretionary authority to manage the investments on behalf of each Fund pursuant to the Fund Agreements and Management Agreements described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Fund Agreements, however, the Advisers may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partners' investment in the Funds 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. Court Square Capital assumes this non-discretionary authority pursuant to the terms of the Management Agreements and powers of attorney executed by the limited partners of Funds.

Court Square Capital's policy is to allocate investment opportunities among its clients in a fair and equitable manner, consistent with its fiduciary obligations and underlying documents. The Advisers do not guarantee any allocation party the right to invest in any particular transaction.

## VOTING CLIENT SECURITIES

All of the Court Square Funds' investments are in private companies, so proxy voting policies are not currently necessary. However, the Advisers have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for each Fund's (and any Private Investment 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. Each of the Advisers generally believes its interests are aligned with those of Funds' limited partners through the Managing Partners' beneficial ownership interests in the Funds and therefore will not seek limited partner 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 the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Funds' advisory

boards on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Funds' advisory boards may approve the Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by Court Square personnel or their 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. If you would like a copy of the Adviser's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Anthony P. Mirra, the Court Square Capital Chief Compliance Officer, at 212-752-6772 and it will be provided to you at no charge.

### **FINANCIAL INFORMATION**

Court Square Capital does not require prepayment of management fees six months or more in advance. Court Square Capital has not been subject to a bankruptcy petition nor is it currently subject to a bankruptcy petition

## **SUPPLEMENTAL INFORMATION ON THE MANAGING PARTNERS OF COURT SQUARE CAPITAL**

### **Christopher D. Bloise**

#### *Educational Background and Business Experience*

Christopher D. Bloise, born in 1975, is a Managing Partner of Court Square Capital since December 2014 and appointed a member of the Investment Committee effective February 29, 2016. Mr. Bloise has been a member of the Investment Team since 2003. He received his B.S. from Washington University and his M.B.A. from the MIT Sloan School of Management. Mr. Bloise is currently a director of Encompass, Conterra Broadband, System1 and AHEAD, LLC. He previously served on the board of SPS, IWCO Direct, Fibertech Networks, Mosaic Sales Solutions and nTelos.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Bloise.

#### *Other Business Activities*

Mr. Bloise is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

#### *Additional Compensation*

Mr. Bloise does not receive any additional compensation that is required to be disclosed.

#### *Supervision*

Mr. Bloise is responsible for implementing and overseeing the investment strategy of the clients of Court Square Capital. Mr. Bloise is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

### **John P. Civantos**

#### *Educational Background and Business Experience*

John P. Civantos, born in 1968, is a Managing Partner of Court Square Capital since December 2014 and appointed a member of the Investment Committee effective February 29, 2016. Mr. Civantos has been a member of the Investment Team since 2004. He received his B.A. from Duke University and his M.B.A. from the Wharton School of the University of Pennsylvania. He also holds an M.A. in International Affairs from the Johns Hopkins School of Advanced

International Studies. Mr. Civantos is currently a director of Infogroup, System1, DISA, Research Now and Mspark. He previously served on the board of IWCO Direct and SGS International.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Civantos.

*Other Business Activities*

Mr. Civantos is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

*Additional Compensation*

Mr. Civantos does not receive any additional compensation that is required to be disclosed.

*Supervision*

Mr. Civantos is responsible for implementing and overseeing the investment strategy of the clients of Court Square Capital. Mr. Civantos is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

**William T. Comfort**

*Educational Background and Business Experience*

William T. Comfort, born 1937, is a Managing Partner of Court Square Capital. Mr. Comfort co-founded Court Square Capital in 2006 and has been a member of the Investment Team since 1979. In 1973, Mr. Comfort joined Citicorp and has been Executive Director of Citicorp International Bank, Ltd. in London and Head of Corporate Finance. Mr. Comfort received his B.A. and L.L.B. from the University of Oklahoma and his L.L.M. from New York University.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Comfort.

*Other Business Activities*

Mr. Comfort is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

*Additional Compensation*

Mr. Comfort does not receive any additional compensation that is required to be disclosed.

### Supervision

Mr. Comfort is responsible for implementing and overseeing the investment strategy of the clients of Court Square Capital. In this capacity, Mr. Comfort is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

## **Michael A. Delaney**

### Educational Background and Business Experience

Michael A. Delaney, born in 1954, is a Managing Partner of Court Square Capital. Mr. Delaney co-founded Court Square Capital in 2006 and has been a member of the Investment Team since 1989. Mr. Delaney joined the Citicorp Investment Bank in 1986. Prior to Citicorp, he held various corporate finance positions at General Motors, including manager of acquisitions and divestitures. He also served in the U.S. Army, retiring in 1980. He received his B.S. from Pennsylvania State University and his M.B.A. from the Wharton School of the University of Pennsylvania. Mr. Delaney is currently a director of Ancile Solutions, Encompass, Rocket Software, Research Now, and Infogroup. He previously served on the boards of Amerisource Corporation, AFS, Arizant, ChipPAC, CompuCom Systems, CORT Business Services, ERICO International, FastenTech, Great Lakes Dredge and Dock, JAC Products, MacDermid, Mosaic Sales Solutions, nTelos Holdings, Palomar Technologies, Sybron Chemical, SPS, Triumph Group and Western Dental.

### Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Delaney.

### Other Business Activities

Mr. Delaney is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

### Additional Compensation

Mr. Delaney does not receive any additional compensation that is required to be disclosed.

### Supervision

Mr. Delaney is responsible for implementing and overseeing the investment strategy of the clients of Court Square. Mr. Delaney is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

## **Ian D. Highet**

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

Ian D. Highet, born in 1965, is a Managing Partner of Court Square. Mr. Highet has been a member of the Investment Team since 1998 and a Managing Partner since May 2008. Previously, he was a Vice President of Corporate Development at K-III Communications Corporation; a media holding company formed by Kohlberg, Kravis, Roberts & Co. Mr. Highet received his A.B., cum laude, from Harvard College and his M.B.A. from Harvard Business School. Mr. Highet is currently a director of Auto Europe Group, Kodiak Building Partners, PlayCore and Terra Millennium. He previously served on the boards of CompuCom Systems, Express Messenger Service, F&W Publications, Fibertech, NAC International, NCI, NDC, Pike Electric, Unisa, Valor Telecommunications and Worldspan Technologies.

### **Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Highet.

### **Other Business Activities**

Mr. Highet is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

### **Additional Compensation**

Mr. Highet does not receive any additional compensation that is required to be disclosed.

### **Supervision**

Mr. Highet is responsible for implementing and overseeing the investment strategy of the clients of Court Square. Mr. Highet is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

## **Thomas F. McWilliams**

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

Mr. McWilliams, born in 1943, is a Managing Partner of Court Square. Mr. McWilliams co-founded Court Square Capital in 2006 and has been a member of the Investment Team since 1983. Mr. McWilliams received his A.B. from Brown University and his M.B.A. from Wharton. He is a director of Strategic Industries and PAH Litigation Trust. He previously served on the boards of numerous companies including Arizant, Chase Industries, Euramax, HydroChem

Industrial Services, IWCO Direct, Merchant Metals Holding Company, MSX International, Physiotherapy Associates, Polar Corporation, Remy International, and WCI Communities.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. McWilliams.

*Other Business Activities*

Mr. McWilliams is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

*Additional Compensation*

Mr. McWilliams does not receive any additional compensation that is required to be disclosed.

*Supervision*

Mr. McWilliams is responsible for implementing and overseeing the investment strategy of the clients of Court Square. Mr. McWilliams is not subject to the supervision of any other individuals other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

**Joseph M. Silvestri**

*Educational Background and Business Experience*

Joseph M. Silvestri, born in 1961, is a Managing Partner of Court Square Capital. Mr. Silvestri co-founded Court Square Capital in 2006 and has been a member of the Investment Team since 1990. Mr. Silvestri received his B.S. from Pennsylvania State University and his M.B.A. from Columbia Business School. He is a director of Auto Europe Group, Kodiak Building Partners, PlayCore, Terra Millennium and The Triumph Group. He previously served on numerous other boards including Cadence Aerospace, ERICO International, Euramax International, International Media Group, ISG Resources, MacDermid, Newmarket, PIKE Electric, Polyfibron Technologies, SGS International and Worldspan Technologies.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Silvestri.

*Other Business Activities*

Mr. Silvestri is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

#### Additional Compensation

Mr. Silvestri does not receive any additional compensation that is required to be disclosed.

#### Supervision

Mr. Silvestri is responsible for implementing and overseeing the investment strategy of the clients of Court Square. Mr. Silvestri is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

### **David F. Thomas**

#### Educational Background and Business Experience

David F. Thomas, born in 1949, is a Managing Partner of Court Square. Mr. Thomas co-founded Court Square Capital in 2006 and has been a member of the Investment Team since 1980. He received degrees in finance and accounting from the University of Akron. Mr. Thomas is currently a director of Conterra Broadband, Mspark and National Seating and Mobility. He most recently was a director of Fibertech Networks, Harvard Drug Group, Wyle, Cadence Aerospace, Newmarket International and Auto Europe Group. He has previously served on the boards of Aviall, Brintec, C&H Sugar, DavCo Restaurants, The Devon Group, Flender, Furnishings International, Hancor Pipe, Interface Solutions, International Airmotive, MagnaChip Semiconductor, Mid-Atlantic Coca Cola, Neenah Foundry, Network Communications, Pamida Stores, People Express Airlines, Smith Alarm, Worldspan Technologies, York International and Zatarains. Mr. Thomas is also a member of the ILPA GP-LP Roundtable.

#### Disciplinary History

There are no legal or disciplinary events to disclose with respect to Mr. Thomas.

#### Other Business Activities

Mr. Thomas is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

#### Additional Compensation

Mr. Thomas does not receive any additional compensation that is required to be disclosed.

#### Supervision

Mr. Thomas is responsible for implementing and overseeing the investment strategy of the clients of Court Square Capital. Mr. Thomas is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.

## **John D. Weber**

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

John D. Weber, born in 1963, is a Managing Partner of Court Square. Mr. Weber has been a member of the Investment Team since 1987 and a Managing Partner since May 2008. Mr. Weber spent two years at business school and two years with Putnam Investments and rejoined the Investment Team in 1994. He received his B.S. from Stanford University and his M.B.A. from Dartmouth's Amos Tuck School of Business Administration. Mr. Weber is currently a director of Celerion, DISA, Letco, NDC, National Seating and Mobility and Terra Millenium. He previously served on the boards of Advanced Cast Products, Anvil Holdings, Arizant, Engraph, Freedom Forge, Furnishings International, Gerber Childrenswear, International Airmotive Holdings, Marine Optical, Neenah Foundry, Physiotherapy Associates, Sleepmaster, Smith Alarm, Vestcom and Western Dental.

### **Disciplinary History**

There are no legal or disciplinary events to disclose with respect to Mr. Weber.

### **Other Business Activities**

Mr. Weber is not engaged in any investment-related business outside of his roles with Court Square Capital and its affiliates.

### **Additional Compensation**

Mr. Weber does not receive any additional compensation that is required to be disclosed.

### **Supervision**

Mr. Weber is responsible for implementing and overseeing the investment strategy of the clients of Court Square Capital. Mr. Weber is not subject to the supervision of any other individual other than the Managing Partners of Court Square Capital and, with respect to compliance matters, the Court Square Capital Chief Compliance Officer.