

Snow Phipps Group, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Snow Phipps Group, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 508-3300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Snow Phipps is also available on the SEC's website at: www.adviserinfo.sec.gov.

We refer to ourselves as a “registered investment adviser.” Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

Snow Phipps Group, LLC's most recent update to Part 2 of Form ADV was made in March 2013. Our business activities have not changed materially since the time of that update.

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Item 4 Advisory Business

Snow Phipps Group, LLC (“Snow Phipps”, the “Firm”, “us”, “we,” and “our”) is a limited liability company formed under the laws of the state of Delaware. Snow Phipps is co-owned by its founding members, majority owner Mr. Ian Snow, the Chief Executive Officer (the “CEO”), and Mr. Ogden Phipps, an Investment Partner (as defined below), as the sole minority owner. Snow Phipps commenced operations in April 2005.

We provide discretionary investment advice to two private equity funds, Snow Phipps Group, L.P. and its parallel investment vehicles (“SPG, LP”) and Snow Phipps II, L.P. (“SPII”) and their related alternative investment vehicles and special purpose vehicles (collectively the “Funds” or “Clients”). The Funds seek significant long-term capital appreciation through private investments in middle-market companies utilizing an investment strategy that leverages the experience of senior operating executives. SPG GP, LLC is the general partner of SPG, LP and Snow Phipps GP II, LLC is the general partner of SPII (collectively, the “General Partners”).

Snow Phipps primarily targets companies for investment that are located in North America. Such companies generally have enterprise values ranging from \$100 million to \$500 million that require equity investments between \$40 million and \$100 million. We have occasionally led larger transactions, up to \$525 million of equity capital, with certain limited partners as co-investors. We generally focus on investments to obtain controlling positions in companies, which are achieved using leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

Assets Under Management

As of December 31, 2012, Snow Phipps had \$1,403,531,682 of Client assets under management on a discretionary basis. This includes the committed capital that may be called by the Funds from their respective limited partners. We do not manage Client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Snow Phipps, and/or its affiliates, receive compensation from annual management fees and may receive certain other fees related to transactions, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors’ fees (which may include options and warrants) and/or monitoring fees from portfolio companies.

Management Fees

We currently receive an investment management fee (the “Management Fee”) from the Funds. The Management Fee payable by each Fund for an annual period, are payable in two equal semi-annual installments, on each of January 15 and July 15 for the respective semi-annual periods beginning on January 1 and July 1. The Management Fee payable by SPG, LP during its commitment period was 2.0% per annum on aggregate commitments and after the commitment period, the Management Fee payable by SPG, LP is 2.0% per annum on funded commitments.

The Management Fee payable by SPII during the commitment period equals 1.85% of commitments with respect to each limited partner with a commitment of \$100 million or greater and 2% of commitments with respect to each other limited partner. Thereafter, the Management Fee of SPII will be reduced to 1.35% of funded commitments for limited partners with a commitment of \$100 million or greater and 1.5% of funded commitments with respect to each other limited partner.

Other Fees

Snow Phipps and its affiliates may receive transaction, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors' fees (which may include options and warrants) and/or monitoring fees from portfolio companies. However, any directors' fees and monitoring fees, net of related expenses, are credited 100% against the Management Fee for each Fund. Any transaction, break-up, advisory or other fees, net of expenses, are credited 65% and 100% respectively, against the Management Fee for SPG, LP and SPII. All fee offsets are allocated between any parallel investment vehicles participating in the transactions or proposed transaction that gave rise to such fees on the basis of capital invested or proposed to be invested. Snow Phipps bears the economic burden of all placement fees through an offset against the Management Fee.

If the Management Fee payable by a Fund is reduced to zero as a result of our receipt of such other fees (or because the Management Fee is no longer payable), we will refund the excess for the benefit of such Fund's limited partners.

In addition to Snow Phipps' Management Fees, each Fund will typically pay all costs and expenses relating to its operations, including, but are not limited to, the following:

(i) legal, auditing, consulting and accounting fees and expenses (including costs of reports to the partners, financial statements, tax returns and K-1s); (ii) expenses of meetings of the limited partner advisory committee of such Fund; (iii) indemnification and insurance expenses and the costs and expenses of any litigation or other extraordinary events involving such Fund and the amount of any judgments or settlements paid in connection therewith; (iv) all expenses incurred in connection with the acquisition, holding and disposition of its proposed or actual investments including travel related expenses such as meals, lodging, and airfare (including expenses for business-class, first-class, or private jet airfare), (v) the organization of any alternative investment vehicles or holding vehicles, including the documentation thereto; (vi) interest on and fees and expenses arising out of all permitted borrowings made by such Fund; (vii) all expenses relating to unconsummated transactions; (viii) all expenses of liquidating such Fund; and (iv) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund.

SPG, LP bears up to \$2 million, and SPII bears up to \$1.75 million, in legal, organizational and offering expenses of the applicable General Partner and its agents incurred in the formation of such Fund. Snow Phipps bears full economic responsibility for such expenses in excess of these thresholds.

Neither we nor any of our “supervised persons” accepts compensation for the sale of securities or other investment products.

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

Carried interest is a share of the net profits realized on the disposition of investments that is paid to the Funds’ General Partners as an incentive to maximize performance of the Funds. The carried interest percentage is negotiated at the time each Fund is formed and shall be calculated and distributed in accordance with the specific provisions outlined in each Fund’s limited partnership agreement. The fact that a significant portion of Snow Phipps’ compensation is directly computed on the basis of profits generated by the sale/disposition of Fund assets may create an incentive for Snow Phipps to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. The existence of a capital commitment by each General Partner to the Funds may reduce this incentive. Additionally, each General Partner is subject to a “clawback” of carried interest previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable to such General Partner by such Fund as carried interest, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will a General Partner of a Fund be required to restore more than the cumulative distributions received by such General Partner as carried interest on an after-tax basis.

Item 7 Types of Clients

We provide discretionary investment management services to the Funds. We do not have any requirements for opening or maintaining an account.

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

Each Fund’s investment objective is to achieve significant, long-term capital appreciation primarily through middle-market (i.e., companies with enterprise values generally ranging from \$100 million to \$500 million) investments in companies in which such Fund will generally have significant influence on the management, operations and strategic direction of the business. Each Fund targets investments ranging in size from \$40 million to \$100 million, although investments may also be made outside of this range. For certain larger transactions, a Fund may seek co-investment partners. The Funds’ investments are primarily in the form of controlling positions in companies achieved through leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

Snow Phipps employs an active, “hands-on” investment strategy to enhance the long-term value of its portfolio companies. We draw upon the financial expertise and professional networks of the five investment partners (the “Investment Partners”, together with our other investment professionals, the “Investment Professionals”) to source, value and structure proprietary investments. In addition, Snow Phipps utilizes the executive and operating expertise of senior industry operating executive consultants (each, an “Operating Partner”) to enhance Snow Phipps’

ability to identify, conduct diligence and execute investments, as well as create significant value post acquisition. Such strategy enables us to source incremental transactions through industry contacts, execute more complete due diligence processes, access industry and operational information readily and collectively develop thoughtful and thorough strategic plans prior to committing capital to portfolio companies.

Snow Phipps seeks to identify attractive sectors or sub-sectors for small to middle-market investment opportunities, particularly those that exhibit many or all of the following characteristics: (i) clear and sustainable secular growth; (ii) high barriers to competitive entry and/or restrained capital expenditure and working capital growth needs; (iii) attractive returns on assets; (iv) opportunities for niche market dominance; and (v) existence of structural changes that create investment opportunities and/or substantially improve industry economics. Additionally, we seek fragmented sectors that may provide opportunities to invest in under-managed and/or undervalued market-leading companies and improve the financial performance and strategic positioning of such companies to achieve premium valuations upon exit.

Risk Factors

Investing involves the risk of loss that limited partners in a Fund should be prepared to bear. The discussion below of risks associated with an investment in the Funds does not purport to be an exhaustive list of all such risks. Please see the Confidential Private Placement Memoranda of the Funds for a more detailed discussion of risks.

Nature of Investments. The Funds' investments are expected to include portfolio companies in which the capital structure includes significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing on attractive portfolio investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that we will be able to identify and complete portfolio investments which satisfy the Funds' investment objective, or realize the value of such portfolio investments, or that the Funds' will be able to invest fully their commitments.

General Economic Conditions. General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of portfolio investments made by the Funds or considered for prospective investment. Economic slowdowns or downturns could lead to financial losses in the Funds' portfolio securities and net assets of the Funds. In addition, many portfolio companies may be similarly subject to the same economic conditions, which could adversely impact the Funds' returns. The value of portfolio investments may fluctuate in accordance with changes in the financial condition of portfolio companies, the value of debt instruments in general and other factors that affect the markets in which the Funds invest.

Recent Market Dislocation. Recent events in the financial markets have caused significant dislocations, illiquidity and volatility in the wider global economy. To the extent that such marketplace events are not temporary and continue (or even worsen), this may have a further adverse impact on the availability of credit to businesses generally and could lead to a further

overall weakening of the U.S. and global economies. There can be no assurance as to the duration of the current market dislocation.

Geopolitical Risks. An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default of particular portfolio investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on the Funds' returns. No assurance can be given as to the effect of these events on the value of or markets for portfolio investments.

Illiquid and Long-Term Investments. Although portfolio investments may generate current income, the return of capital and the realization of gains, if any, from a portfolio investment generally will most likely occur only upon the partial or complete disposition of such portfolio investment. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition. The Funds will not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited by contract from selling certain securities for a period of time, and as a result, may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so.

Leverage. The Funds may borrow for the purpose of short-term financing, to cover shortfalls of capital contributions arising from the default of limited partners or for other purposes related to the Funds' business. We will not engage in "short selling".

Portfolio Company Management Risks. Although Snow Phipps expects to monitor the management of each portfolio company, management of each portfolio company will have day-to-day responsibility with respect to the business of such portfolio company.

Disposition of Private Investments. Many of the Funds' investments involve private securities, in which the Funds may make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Funds also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in the incurrence of contingent liabilities that may ultimately yield funding obligations that must be satisfied by the limited partners to the extent of distributions made to such limited partner.

Projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values, outcomes and cash-flow.

Control Position. We generally seek investment opportunities that allow the Funds to have significant influence on the management, operations and strategic direction of the portfolio companies in which they invest. However, we may not be successful in achieving such influence and such failure could decrease the Funds' profit potential with regard to that portfolio company. Therefore, there can be no assurance that the Funds will be able to realize the value of their investments and distribute proceeds in a timely manner.

The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other

types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Funds to claims by such portfolio company, their security holders and its creditors. While the General Partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

The Funds may also make minority equity investments in portfolio companies where they may have limited influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of the Funds and the Funds may not be in a position to limit or otherwise protect the value of its investment in such portfolio companies. The Funds' control over the investment policies of such portfolio companies may also be limited. This could result in the Funds' investments being frozen in minority positions that incur substantial losses.

Third-Party Involvement. The Funds may co-invest through partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of the Funds.

Non-U.S. Investments. The Funds may invest globally, including in portfolio companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (a) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another; (b) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (c) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; (d) obtaining foreign governmental approvals and complying with foreign laws and (e) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Funds to seek to enforce their rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

Reliance on Key Personnel. The success of the Funds depends in substantial part upon the skill and expertise of the CEO and the Investment Professionals who will be providing investment advice with respect to the Funds. The loss of key personnel could have a material adverse effect on the Funds' ability to realize its investment objectives.

Board Participation. The Funds may be represented on the boards of directors of certain of its portfolio companies or may have their representatives serve as observers to such boards of directors. Although such participation may be important to the Funds' investment strategy and may enhance the General Partners' and Snow Phipps' ability to manage the portfolio investments,

they may also have the effect of impairing the General Partners' ability to sell the related securities due to the possession of material non-public information. In general, the Funds will indemnify the General Partners and Snow Phipps from such claims.

Item 9 Disciplinary Information

Snow Phipps and its employees have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel.

Item 10 Other Financial Industry Activities and Affiliations

We are not registered, nor do we have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. We are also not registered, nor do we have any application pending to register, as a futures commission merchant. Snow Phipps GP II, LLC has filed for an exemption from registration as a commodity pool operator in accordance with the Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3). Snow Phipps GP II, LLC and Snow Phipps each have filed for an exemption from registration as a commodity trading advisor in accordance with CFTC Rule 4.14(a)(8).

Each General Partner is under common control with us.

See, *Conflicts of Interest* in Item 11 below.

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

Snow Phipps has adopted a written Code of Ethics ("Code") which is included as a part of its "Compliance Manual" and which (along with any amendments) is provided to each employee. Our Code of Ethics requires all of our employees to (i) act with competence, dignity, integrity and in an ethical manner in all dealings on our behalf, (ii) use reasonable care and exercise independent professional judgment in the execution of their duties and (iii) avoid actions or relationships that might conflict, or appear to conflict, with job responsibilities or the interests of Snow Phipps and its Clients. Our Code also contains policies and procedures that ensure that all personal securities trading by its employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. We prohibit personal trading on certain securities or instruments; require pre-clearance before purchasing an IPO or limited offering (i.e., private placement); and require periodic reporting of employees' personal securities transactions and all holdings. We require prompt internal reporting of Code violations.

Snow Phipps will provide a copy of the Code to any Client or prospective Client upon request.

Conflicts of Interest

Participation or Interest in Client Transactions. Snow Phipps, and an affiliated entity, serves as the investment adviser and General Partner, respectively, to the Funds. Each General Partner of the Funds will have an investment in such Fund. Therefore, Snow Phipps may be considered to participate indirectly in transactions effected for those Clients. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in the respective Funds' offering documents.

Snow Phipps and its affiliates may receive certain transaction, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by the Fund. All or a portion of such fees generally offset the Management Fee otherwise payable by the Funds.

Allocation of Investment Opportunities. In general, investment opportunities are not allocated among the Funds. The respective Fund limited partnership agreements set forth terms with respect to the allocation of investment opportunities. Generally, based on such limited partnership agreements, from the date of the closing of a Fund, until the expiration of the commitment period, Snow Phipps will allocate investment opportunities (other than follow-on investment opportunities related to investments of a prior Fund) that are within the scope of a Fund's investment objectives and are in a specified amount solely to such Fund. In the event that a closing on behalf of a new Fund occurs prior to the expiration of such commitment period of an existing Fund, Snow Phipps will allocate those investment opportunities that meet the investment objectives of both Funds on a basis which it believes is fair and equitable. For any investment to be made by SPII in which SPG, LP or an additional Fund is contributing more than 50% of the aggregate amount of capital invested or committed to be invested by such Funds, approval from SPII's limited partner advisory committee will be obtained. We maintain records of those instances where we allocate investment opportunities between or among Funds and the methodology of such allocation.

In accordance with the terms of the limited partnership agreements of the Funds, we have formed, co-investment partnerships through which certain employees and their respective family members and other related persons and persons who provided services to the applicable Fund or who can potentially add value to such Fund's activities by virtue of their association with such Fund and/or certain portfolio companies may participate in the investments made by such Fund. With respect to such co-investment vehicle formed to invest alongside SPG, LP, for each calendar year, such co-investors, as a group, have the right, with respect to all such investments made during such calendar year, to elect to co-invest with SPG, LP, through such co-investment vehicle, a fixed percentage of the amount then being invested by SPG, LP and each other parallel investment vehicle in such investment, provided, however, that such investment percentage shall not exceed 5%.

Where possible and appropriate and in accordance with the terms of the limited partnership agreements of the Funds, we may offer available co-investment opportunities to certain limited partners in a Fund prior to making such opportunities available to parties who do not invest in such Fund on such terms and conditions as determined by the General Partner of such Fund. The General Partner of such Fund may receive carried interest and we may receive a management fee in respect of any such co-investment opportunities.

Principal Transactions. We do not anticipate entering into principal transactions, where we or any of our affiliates purchase or sell any security for our own account from or to the account of any Fund. In the event that we (or our affiliate) may engage in a principal transaction, we will obtain the approval of the applicable Fund's limited partner advisory committee.

Cross Transactions. We are not affiliated with a registered broker-dealer and as such cannot engage in agency cross transactions. While unlikely, we may engage in a cross transaction, where one Client purchases or sells any security for its own account from or to the account of another Client. In the event of a cross transaction, we will obtain any required Client approvals, including that of a Fund's limited partner advisory committee in accordance with the terms of such Fund's limited partnership agreement.

Valuation. Snow Phipps is not generally required to mark-to-market or value Fund investments for purposes of determining its advisory fees or otherwise. However, limited partnership agreements of the Funds require that Snow Phipps determine the fair value of a Fund investment to the extent it would result in a write-down which would impact the calculation of Snow Phipps (or its affiliate's) Management Fee or carried interest. Snow Phipps has a Valuation Committee consisting of the CEO, Investment Partners, General Counsel, CCO, and the CFO and applicable Investment Professionals with specific knowledge of the portfolio company (when appropriate) and/or their respective delegates, which shall be responsible for overseeing and approving all assessments of the fair value of Fund assets. The Valuation Committee is responsible for ensuring that all such valuations are performed in accordance with Snow Phipps valuation policies.

Item 12 Brokerage Practices

We do not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds because the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and the commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any. In order to minimize execution costs and obtain best execution for all Funds, we may aggregate orders for multiple Funds, as long as aggregating would be in the best interests of each participating Fund.

Snow Phipps does not currently utilize any soft dollar benefits or client referrals from broker-dealers in connection with Client transactions.

Item 13 Review of Accounts

Generally, each week, the Investment Professionals and, as appropriate, the applicable Operating Partners review all transactions on the Weekly Activity Report, including investments in various stages of diligence and active portfolio companies. With respect to transactions in process, our Investment Professionals discuss due diligence findings, potential transaction structures, industry dynamics and competitive landscapes. In addition, non-binding LOIs are discussed and reviewed

in detail. With respect to active portfolio companies, the relevant deal team discusses new company developments. The Investment Committee approves binding LOIs as well as provides final approval for transactions after the completion of due diligence, transaction documentation and receipt of financial commitments from financing sources.

We review all Client accounts on a current basis. Our limited partner reporting function is primarily managed by our CFO. Limited partners receive unaudited quarterly financial statements, audited annual financial statements and annual tax information for the completion of income tax returns. Limited partners also receive as part of the quarterly package portfolio company reviews and a summary letter from Mr. Snow and Mr. Phipps. SS&C Technologies New Jersey, Inc. (“SS&C”) provides accounting, including maintaining limited partner capital accounts, administrative and tax services to SPII, including any alternative investment vehicles, parallel investment vehicles and holdings vehicles, to the extent applicable. KPMG LLP conducts the annual audits of the Funds.

Item 14 Client Referrals and Other Compensation

We sponsor the formation of each Fund and we do not engage or compensate third party referral agents to solicit new Clients for us. In the event that we engage, and will make a cash payment to, any solicitor of Clients, we will do so in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended.

However, Snow Phipps may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. The fees and expenses of any third party placement agents will be paid by the Funds, but will be reimbursed by Snow Phipps by offsetting its Management Fees.

Item 15 Custody

All funds and securities certificates for the Funds are held in custody by unaffiliated broker/dealers or banks. However, Snow Phipps has access to Client accounts since it or an affiliate serves as a General Partner of the Funds. The Funds are subject to an annual audit by KPMG LLP, a PCAOB registered and inspected independent public accountant. Limited Partners in each Fund are provided with annual audited financial statements, prepared in accordance with U.S. GAAP and U.S. GAAS, within 120 days of such Fund’s fiscal year end.

Item 16 Investment Discretion

As discussed above, we provide discretionary investment advice to the Funds pursuant to an investment management agreement with each Fund. Each such investment management agreement, together with the management authority granted to the General Partners of the Funds pursuant to the Funds’ limited partnership agreements, provides Snow Phipps with full discretion to determine investments to be purchased and sold on behalf of a Fund and the terms of the related transaction. Limitations on investment discretion are set forth in the investment management agreements with, and the limited partnership agreements of, the Funds.

Item 17 Voting Client Securities

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. We will ensure that a record of each securities position held by each Fund is maintained and, where any such vote is to occur, we will ensure that it receives all relevant information, disclosure materials and such proxies or consents as are necessary for us to cast votes in a timely manner.

Snow Phipps will also determine where there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. If we determine that there is no material conflict of interests, then we will make the voting determination and take the required voting action. If we determine that, due to a conflict of interests, we are not capable of making an independent determination as to the voting decision then the voting decision will be that recommended by the applicable limited partner advisory committee.

The Funds can not direct Snow Phipps vote in a particular solicitation. Each Fund is controlled by its General Partner (a Snow Phipps affiliate) and, as such, each Fund is aware of how it voted with respect to its securities.

A copy of the proxy voting policies and procedures will be provided to any Client and prospective Client upon request.

Item 18 Financial Information

Snow Phipps has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.

Item 19 Requirements for State-registered Advisers

Not applicable.