



## Form ADV, Part 2A: Brochure

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**Riverwood Capital Management L.P.**

**Ironwood Management, LLC**

**RWCP Capital Management L.P.**

70 Willow Road, Suite 100

Menlo Park, CA 94025

(650) 618-7300

[investor\\_relations@rwc.com](mailto:investor_relations@rwc.com)

<http://riverwoodcapital.com>

This Brochure provides information about the qualifications and business practices of Riverwood Capital Management L.P. ("Riverwood"), Ironwood Management, LLC ("Ironwood"), and RWCP Capital Management L.P. ("RWCP"). If you have any questions about the contents of this Brochure, please contact us at (650) 618-7300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information is also available on the SEC's website at <http://www.adviserinfo.sec.gov>.

An investment adviser's registration with the SEC does not imply a certain level of skill or training.

**April 10, 2017**

## **Item 2: Material Changes**

This Brochure, dated April 10, 2017, has been prepared by Riverwood as an amendment to the prior version of this Brochure dated March 31, 2017, which amended the Brochure dated March 29, 2016 (the “2016 Brochure”).

Since the 2016 Brochure, RCV Capital L.P. has been restructured and Michael Marks is the sole control person of that entity. Additionally, other than Michael Marks, Riverwood no longer has an ownership interest in the general partner or management company of a venture capital fund with Walden International.

This Brochure also contains certain other updates including the following:

- Item 5 has expanded upon the description of certain fees and expenses;
- Item 8 has expanded upon potential risk factors; and
- Item 11 has expanded upon the description of certain potential conflicts of interest.

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## Item 4: Advisory Business

Riverwood is an investment adviser whose clients are private pooled investment vehicles. Relying advisers, Ironwood and RWCP, are also investment advisers whose clients are private pooled investment vehicles (Riverwood, together with Ironwood and RWCP, are collectively referred to in this Brochure as the “Firm”, “we”, “us” or “our”). Throughout this Brochure, the Firm’s clients are referred to as “funds” and references to “investors” shall mean those funds’ underlying investors.

Interests in the Firm’s funds are sold to “accredited investors” and/or “qualified purchasers.”<sup>1</sup> Generally, the funds’ investors are high net worth individuals or institutions.

Ironwood was formed in 2007. Riverwood was formed in 2008. RWCP was formed in 2011. The day-to-day business and affairs of the Firm are managed by Riverwood’s Operating Committee, comprised of Christopher Varelas, Thomas Smach, Francisco Alvarez-Demalde, and Jeffrey Parks. Investment decisions are made by the Firm’s Investment Committee, comprised of Christopher Varelas, Thomas Smach, Francisco Alvarez-Demalde, Jeffrey Parks, Michael Marks, and Nicholas Brathwaite. The Firm’s principal owners are Christopher Varelas, Thomas Smach, and Michael Marks.

The Firm primarily provides discretionary advisory services to funds that generally seek to generate capital appreciation by making privately negotiated investments in privately owned companies that operate primarily in growth industries including global technology, technology-enabled and other industries. The Firm may consider investments on behalf of its funds in other industries in its sole discretion. With very limited exceptions, the Firm’s investments are limited to private equity investments.

The Firm’s funds may have different investment guidelines.<sup>2</sup> These guidelines may limit the concentration and geography of the funds’ investments or limit the funds’ investments in certain asset classes. The Firm may further tailor its advisory services to the specific needs of a fund as may be necessary, appropriate or negotiated from time to time. The Firm does not tailor its advisory services to the specific needs of individual investors.

The Firm does not participate in wrap fee programs.

As of December 31, 2016, the Firm managed \$1,790,316, 449 of regulatory assets under management on a discretionary basis and \$4,719,226 of regulatory assets under management on a non-discretionary basis.

## Item 5: Fees and Compensation

The Firm is compensated for advisory services by a “management fee” based on capital invested with the Firm and by a share of capital appreciation on its funds’ investments (commonly known as “carried

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<sup>1</sup> The terms “accredited investor” and “qualified purchaser” are defined in the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended. For the purposes of this Brochure, these terms refer to the definitions in these laws. Generally, they refer to high net worth individuals or institutions that can afford to bear the loss of their entire investment with the Firm.

<sup>2</sup> The investment guidelines of each fund are set forth in that fund’s organizational documents, including its limited partnership agreement/limited liability agreement and/or offering memorandum.

interest”). The carried interest is received by a fund’s general partner or member, which is an affiliate of the Firm. This compensation is negotiated separately with each fund.

Annual management fees are generally calculated as a percentage of a fund’s committed capital during the investment period and thereafter as a percentage of invested capital. The management fee payable by a fund is typically 2% but there may be variations in the fee rate for different funds. Management fees are generally due quarterly in advance and are deducted from a fund’s account when billed. In the extremely unlikely event that an advisory contract is terminated before the end of a management fee period, the Firm will refund the overpayment of the management fee (computed on the basis of the number of days elapsed).

Carried interest is calculated as a percentage of profits after investors have received a preferred return. Typically, carried interest payable by a funds is 20% but there may be variations in the carried interest rate for different funds

A small number of investors in the funds (comprising less than 1% of capital commitments), who are affiliates, employees, and friends and family of the Firm, do not pay management fees in connection with their investment in the funds. Additionally, certain special purpose or co-investment vehicles that are established by the Firm on a transaction-by-transaction basis and that invest alongside one or more funds may not, in the Firm’s sole discretion, be required to pay a management fee or carried interest.

The Firm may receive certain fees from portfolio companies, such as “transaction” fees or “monitoring” fees, in connection with activities performed on behalf of its funds. Generally, 50%–100% of such fees paid to the Firm, net of expenses related to the activities leading to the receipt of such fees, will reduce the management fee paid by investors.

The Firm’s funds will bear all costs and expenses related to their own operations, which may include:

- i. Fees, costs and expenses of tax advisors, accountants, legal counsel, auditors, consultants and other professionals and service providers;
- ii. Fees, costs and expenses in connection with a fund’s investment activities such as developing, investigating, negotiating, structuring, and disposing of portfolio investments and in connection with unconsummated investment opportunities, including, without limitation, any financing, legal, accounting, advisory, consulting, travel (e.g., first class and/or business class airfare (on commercial or approximate equivalent private air travel), lodging, ground transportation), meals, and social and entertainment expenses in connection therewith;
- iii. Broken deal expenses;
- iv. Brokerage commissions, custodial expenses, agent bank and other bank service fees and other investment costs, fees and expenses actually incurred in connection with portfolio investments;
- v. Interest on and fees and expenses arising out of all borrowings made by the fund;
- vi. The costs of any (a) litigation, (b) directors and officers liability and other insurance for the fund, its general partner, the Firm and their affiliates, and (c) any indemnification or extraordinary expense or liability relating to the affairs of the fund;

- vii. 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 the fund;
- viii. Expenses of any meeting of the investors or investor advisory board, if any;
- ix. Costs and expenses incurred in connection with a fund's legal and regulatory compliance with U.S. and non-U.S. laws and regulations, including, without limitation, filings under the U.S. Securities Exchange Act of 1934, as amended (e.g., Form 13F, Form 13H, Section 16 filings, Schedule 13D filings and Schedule 13G filings), and any forms, schedules, filings, information or other documents prepared with respect to the Foreign Account Tax Compliance Act (but excluding, for the avoidance of doubt, costs and expenses incurred by the Firm to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Investment Advisers Act of 1940);
- x. Expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provision.

The funds will also bear organizational expenses and liquidation expenses.

Travel and entertainment expenses in connection with a trip taken by employees of the Firm for purposes of multiple matters will generally be allocated to each such matter based on the time spent for each matter or other fair and reasonable manner and then the resulting expenses will be allocated to the funds and/or the Firm as otherwise set forth herein.

In the event that the Firm uses a third party placement agent, unless otherwise prohibited by applicable law, regulation or policy, the management fee to which the Firm is entitled to is reduced by 100% of any placement agent fees, expenses or commissions paid by the Firm's funds. To the extent that the Firm's funds incur brokerage fees or other transaction costs, these costs will be borne by the respective fund. Please see Item 12 for further information regarding the Firm's brokerage procedures.

Generally, costs and expenses are borne pro rata between a fund and its parallel fund(s), or a fund and its co-investment fund; however, from time to time, the general partners of the funds may in good faith determine that it is appropriate to allocate a particular cost or expense only to a particular fund, parallel fund or co-investment fund if such cost or expense relates specifically to such fund and/or the investors in it. When the general partners use their discretion to make non-pro rata allocations, these judgments are made in a manner that they determine to be fair and reasonable. Additionally, they may make corrective allocations should they determine that such corrections are necessary or advisable.

Neither the Firm nor its personnel accepts compensation for the sale of securities or other investment products.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

A general partner or member of the Firm's funds, which is an affiliate of the Firm, accepts a performance-based fee allocated as a share of capital appreciation of its funds' assets. This performance based-fee is referred to as "carried interest". The Firm's funds pay carried interest. However, there may be variations in fee rate and calculation methodology for different funds.

The payment by some funds of carried interest or the payment of carried interest at varying rates (including varying effective rates based on the past performance of a fund) may create an incentive for the Firm to disproportionately allocate time, services or functions to funds paying carried interest or funds paying carried interest at a higher rate, or allocate investment opportunities to such funds. Generally, and except as may be otherwise set forth in the governing documents of the funds, this conflict is mitigated by (i) certain limitations on the ability of the Firm to establish new investment funds, (ii) contractual provisions requiring certain funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements.

In addition, carried interest may create an incentive for the Firm to make riskier or more speculative investments on behalf of a fund than it would otherwise make in the absence of such performance-based arrangement. However, the Firm's investment professionals have invested material amounts in the funds, which should reduce this incentive.

## **Item 7: Types of clients**

The Firm provides investment advice to private pooled investment vehicles, which are referred to as "funds" throughout this Brochure. Investors in the Firm's funds may include high net worth individuals and institutions, trusts, pension plans, endowments, foundations, other pooled investment vehicles (e.g., funds-of-funds) and other corporate or other business entities. These funds are neither registered under the Investment Company Act of 1940, nor are their interests registered under the Securities Act of 1933. Accordingly, interests are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions.

The minimum initial investment varies by fund, however, generally investors commit a minimum of \$1 million. Lesser amounts may be accepted at the Firm's discretion.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **1. Investment Strategy and Methods of Analysis**

Riverwood's general strategy is to make private equity investments primarily in growth industries, including global technology, technology-enabled and other industries. Riverwood may selectively consider investments in industries where it believes its strategic, financial and global operating experience presents an opportunity to create value.

The Firm's investment professionals seek to thoughtfully identify and evaluate opportunities in growth industries, including the technology and related sector. Following investment, the Firm expects to provide the companies in which it invests (referred to in this Brochure as "portfolio companies") with the resources and guidance needed to execute their growth plan.

### ***Identifying and Sourcing Opportunities***

The Firm seeks to invest in companies that have significant opportunities for growth or face strategic or operational issues that can be addressed by the Firm's involvement. The Firm may identify investment themes based on macroeconomic or industry conditions or individual company performance and use these themes to identify prospective portfolio companies.

The Firm utilizes its network of industry contacts to source investment opportunities. The Firm's industry network has been formed through its investment professionals' years of experience operating and advising global technology businesses, extensive personal relationships and interactions with global technology executives and others involved in the technology industry. To augment its resources, the Firm has created a Strategic Advisory Board consisting of current and former technology industry executives. This network of business advisors is expected to enhance the Firm's ability to source opportunities. In order to capitalize on an investment theme, the Firm may take advantage of situations including (but not limited to) carve-outs, spin-offs and divestitures; structured minority and strategic investments; acquisition finance (wherein a portfolio company seeks a private equity investment for capital to make accretive acquisitions); turnarounds; distressed companies; and private and public control buyouts.

### ***Due Diligence***

The Firm has a disciplined and rigorous approach to conducting due diligence on prospective portfolio companies. The Firm's due diligence methodology generally includes review of the following factors:

- *Historical Financial Performance.* The Firm typically conducts full management and financial due diligence of prospective portfolio companies. The Firm uses this information to analyze the company's historical growth, margin and cash flow performance. The Firm may use this information to develop insights into the strengths and weaknesses of such companies.
- *Detailed Analysis of Profit Drivers.* The Firm typically examines revenues, profits and cash flow by each business unit to determine what new strategies could be adopted to drive value. These strategies may include, without limitation, geographic expansion, increase of market share and new business lines.
- *Market and Competitive Assessment.* The Firm typically develops a view of the industry sector, including macroeconomic drivers, competitive overview and history. The Firm typically will utilize its own internal resources, including its Strategic Advisory Board and Senior Advisors, along with outside consultants and other professionals, to make these assessments.
- *Management Evaluation.* The Firm typically conducts site visits and survey customers and suppliers to ensure that portfolio company management meets its standards. The Firm looks for portfolio company management that is open to change and willing to work with it.
- *Technology Evaluation.* The Firm will evaluate the portfolio company's technology and product strategy, including the company's intellectual property and engineering talent as well as the overall design of its products. The Firm will rely on both its own internal technical skills and, where it deems necessary, on third-party feedback to make this evaluation.



- *Value Creation Plan.* Prior to investment, the Firm typically creates a business plan delineating the company's strategic objectives with a clear action plan.

Working with management, the Firm will seek to be flexible and creative in designing an investment structure to enable and enhance the company's ability to achieve its business plan. The Firm will typically seek board representation often times with the contractual right to be involved in operational, strategic, financial and governance matters, regardless of ownership stake.

### ***Portfolio Company Involvement***

Once an investment has been made, the Firm will seek to take an active role in the management of the portfolio company to attempt to assist with the realization of the company's strategic objectives and growth plan. The Firm will seek representation on the company's board of directors and will attempt to provide expertise on the management of the company. Where applicable, we will focus on the following aspects:

- *Strategy.* The Firm will seek to stay actively involved in strategic planning efforts after making an investment. We typically will attempt to ensure that immediately following the closing of a transaction, there is a plan in place to address the most significant issues identified in diligence.
- *Technology.* The Firm believes that its investment professionals are well positioned to evaluate a company's technology position and create a technology business plan to attempt to create growth.
- *Operations.* The Firm will attempt to leverage its investment professionals' global operating experience to implement (i) best practices for business and strategic planning, (ii) methods for diagnosing and monitoring key operating activities, and (iii) metrics, design of management compensation schemes and human resource management.
- *Executive Recruitment and Evaluation.* The Firm will seek to be actively involved in recruiting and hiring key executive management for portfolio companies where necessary.
- *Interim Management Responsibilities.* The Firm will attempt to be extremely active in any portfolio company that is not meeting expectations, including assuming executive management roles at critical times.
- *Reduce Costs.* The Firm's investment professionals will attempt to improve margins by assisting portfolio company management to implement cost savings through operation and strategic best practices.
- *Capital Structure Design.* The Firm's investment professionals have substantial experience and a broad base of contacts to support the execution of complex financings and to provide leadership on capital structure design.
- *New Business Development.* The Firm will seek to utilize its industry networks to assist portfolio companies to establish dialogues with customer prospects.
- *Mergers and Acquisitions.* The Firm will attempt to effect consolidation in order to support strategic objectives. Our investment professionals have extensive experience effecting mergers and acquisitions.

- *Geographic Expansion.* The Firm's investment professionals have substantial international operating experience and relationships to help portfolio companies expand their businesses outside of their home markets.
- *Supply Chain Procurement.* In the past, some of the Firm's investment professionals have experience building supply chains and developing industry standards for low-cost production. We will attempt to utilize this experience to improve operational aspects of its portfolio companies' businesses.

### ***Exit Strategy***

The Firm believes that the successful realization of an investment requires an ongoing evaluation of exit strategies, beginning at the due diligence stage. At the time of an investment, our principals expect to evaluate the alternatives, timing and economic and other considerations associated with various exit strategies. Funds will typically invest with the expectation of holding investments for a four-to six-year period.

## **2. Risk Factors**

Investing in securities involves a risk of loss that investors should be prepared to bear. This section describes certain risks specifically related to the Firm's investment strategy and certain specific types of securities in which the Firm will direct its funds to invest. It is not a comprehensive list of all risks associated with investments in the securities market or with the Firm's investment strategies. Prospective investors in a fund should carefully review, in its entirety, the fund's offering memorandum and limited partnership agreement (or other applicable organizational documents), which include a more complete description of risk factors associated with an investment in such fund.

### ***No Assurance of Investment Return***

The Firm and its funds cannot provide assurance that they will be able to choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that the Firm will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions in which the Firm intends to invest on behalf of its funds.

There can be no assurance that expected returns for the Firm's funds will be achieved, or that an investor will receive a return of its capital. An investment in a fund should only be considered by persons who can afford a loss of their entire investment. The Firm's investments, by their nature, involve a high degree of financial risk.

### ***Competition for Investments***

The Firm will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in

size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than the Firm. The Firm expects that competition for appropriate investment opportunities may increase, which may also require its funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Firm's funds and/or adversely affecting the terms upon which investments can be made. To the extent that the Firm encounters competition for investments, returns to investors may decrease.

### ***Risk of Investment Concentration***

The Firm's funds may participate in a limited number of investments and, as a consequence, the aggregate return of a fund may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all fund investments cannot reasonably be expected to perform well or even return capital, for a fund to achieve above-average returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, investors have no assurance as to the degree of diversification of the Firm's investments, either by geographic region, asset type or sector. To the extent the Firm concentrates fund investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic to business conditions with respect thereto.

### ***Concentration of Investments in Technology Industries***

Most of the funds' investment portfolio will be concentrated primarily in the technology sector. Concentration in a single industry may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The technology industry is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products. The funds' portfolio companies will compete in this volatile environment.

There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges.

### ***Reliance on Portfolio Company Management Teams***

Each portfolio company's day-to-day operations will be the responsibility of that company's management team. Although the Firm will be responsible for monitoring the performance of each investment and seeks to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully. In addition, the Firm will generally establish the capital structure of companies in which funds invest on the basis of financial projections for such companies. Projected operating results will normally be based primarily on the judgment of the management of the portfolio company. In all cases, projections are only estimates of future results that are based upon 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 conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

### ***Investments with Third Parties***

The Firm's funds may co-invest with third parties (including through partnerships, joint ventures or other entities), acquiring non-controlling interests in certain portfolio companies. The Firm may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such portfolio investments may involve risks not present in portfolio investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties resulting in a negative impact on such portfolio investments, may have economic or business interests or goals which are inconsistent with those of the Firm, or may be in a position to take action contrary to the Firm's investment objectives.

### ***Risks in Effecting Operating Improvements***

In some cases, the success of a fund's investment strategy will depend, in part, on the ability of the Firm to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Firm will be able to successfully identify and implement such improvements.

### ***Control Position Risk***

Although non-control investments may also be made, the Firm may make investments on behalf of its funds to acquire control or exercise influence over management and the strategic direction of the portfolio company. The exercise of control 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 characteristics of business operations generally may be ignored. The exercise of control over a portfolio company could expose fund assets to claims by the shareholders and creditors of the company.

### ***Minority Investments***

The Firm's funds may invest in minority positions of companies and in companies for which the Firm has no right to exert significant influence. In such cases, the Firm will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Firm is not affiliated and whose interests may conflict with the interests of the Firm's funds.

### ***Investments in Smaller or Less Established Companies***

The Firm may invest a portion of the funds' assets in the securities of smaller or less established companies. Portfolio investments in such smaller or less established companies may involve greater

risks than generally are associated with investments in larger or more established companies. To the extent there is any public market for the securities held by the funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.

### ***Illiquid and Long-Term Investments***

An investment in the Firm's funds requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to investors. Many of the portfolio investments will be highly illiquid and there can be no assurance that the funds will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions of the portfolio company's securities (known as "in-kind" distribution) to investors. While a portfolio investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a portfolio company is made. Funds 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. In some cases, the funds may be prohibited by contract from selling certain securities for a period of time. Even where a fund holds freely tradable publicly traded securities, its investment position may represent a significant portion of the outstanding public securities of a particular company, creating a degree of illiquidity when a fund wishes to dispose of or reduce its position in such company by selling shares into the market.

### ***Investments Longer than Term***

The Firm may make investments which may not be advantageously disposed of prior to the date that its funds' investment program is scheduled to end. Although the Firm expects that investments will be disposed of prior to this date or be suitable for in-kind distribution at this date, under certain circumstances funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur.

### ***Investments in Restructurings***

The Firm's funds may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the funds to certain additional potential liabilities that may exceed the value of the funds' original investments therein.

### ***Speculative Nature of Investments in Distressed Debt***

The Firm's funds may from time to time invest in distressed debt securities and instruments. Companies experiencing financial distress are often those operating at a loss or with substantial variations in

operating results from period to period. Investments in distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk.

### ***Non-U.S. Investments***

The Firm expects to make investments outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and various foreign currencies, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity 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; (iii) certain economic, social 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 or other changes in law; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (v) less developed corporate laws regarding fiduciary duties and the protection of investors.

### ***Use of Leverage***

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Fund investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks (as well as particular risks associated with investing in technology companies described above) may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a fund may suffer a partial or total loss of capital invested in the company. The Firm may also obtain leverage at the fund level on a deal by deal basis. Although borrowings by funds have the potential to enhance overall returns that exceed a fund's cost of funds, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the fund's cost of funds. In addition, borrowings by a fund may be secured by the fund's capital as well as by the fund's assets.

### ***Bridge Financings***

From time to time, the Firm's funds may lend capital to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Firm's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Firm's funds.

## ***Cyber Security Breaches***

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The information and technology systems of the Firm, the funds and their respective portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Firm has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, this could cause significant interruptions in the Firm's, the funds' and/or their respective portfolio companies' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Firm's reputation, subject the Firm or the funds to legal claims and otherwise affect their business and financial performance.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or an investor's evaluation of the Firm's advisory business or the integrity of its management.

## **Item 10: Other Financial Industry Activities and Affiliations**

Riverwood Capital Management L.P. ("Riverwood") is affiliated with Ironwood Management, LLC ("Ironwood") and RWCP Capital Management L.P. ("RWCP"), which are also investment advisers. In addition to Ironwood and RWCP, the Firm is also affiliated with Riverwood Capital L.P., Riverwood Capital II L.P., and RWCP Capital, L.P. Each of these entities serves as a general partner of a fund (or funds) advised by the Firm. Ironwood, RWCP and these GP entities are "relying advisers" of Riverwood in reliance on a position expressed by the U.S. Securities and Exchange Commission ("SEC") staff in 2012, and are not separately registered with the SEC as investment advisers. The information in this Brochure regarding the advisory services provided by the "Firm" applies to and includes Riverwood's relying advisers. The funds advised by Ironwood and RWCP are no longer making new investments and may only make, from time to time, "follow-on" investments in companies in which they have already invested capital.

Neither the Firm nor any management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Firm nor any management person is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of any of the foregoing entities.

The Firm does not recommend or select other investment advisers for clients.

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

### **1. Code of Ethics and Personal Trading**

As an investment adviser, the Firm stands in a position of trust and confidence with respect to its clients. The Firm has a fiduciary duty to place the interests of its funds before its own interests and the interests of its employees. All of the Firm's personnel must put the interests of the funds before their own personal interests and must act honestly and fairly in dealings with clients. All of the Firm's personnel must also comply with all federal and other applicable securities laws. The Firm has developed a compliance program to establish these rules of conduct for its personnel.

As part of its compliance program, the Firm has adopted a personal trading policy requiring all personnel to disclose all holdings in "Reportable Securities" as defined by the Advisers Act, in personal trading accounts and certain personal securities transactions in a timely manner. The Firm also maintains a "restricted list" of companies about which a determination has been made that it is prudent to restrict trading activity by the Firm and/or its personnel. Generally, an employee may not trade securities of a company included on the restricted list without first obtaining pre-approval from the Firm's Chief Compliance Officer. Additionally, employees may not make an investment in a private security without pre-approval from the Chief Compliance Officer. Factors to be taken into account in such prior approval include, among other considerations, whether the investment opportunity is appropriate for the Firm's fund(s) and whether it should be considered on behalf of the Firm's fund(s).

The Firm has also adopted policies regarding the control of non-public information, outside business activities, political contributions and gifts and entertainment. The Firm's compliance program is designed to promote the ethical behavior of all of the Firm's personnel and to ensure compliance with applicable regulation and best practices. The Firm will provide a copy of its Code of Ethics to any investor or prospective investor upon request.

### **2. Participation or Interest in Client Transactions**

The Firm's funds are typically structured as limited partnerships where an affiliate of the Firm serves as the general partner and may make a capital commitment to the fund. Typically, the general partner's capital commitment is not subject to management fees or carried interest. While an affiliated general partner may have a financial interest in a fund, the Firm believes that their interests are aligned with those of the fund's investors because the general partner makes capital contributions and receives distributions from the fund at the same time and pro rata in proportion to its percentage interest in such investment alongside the other investors. Most of the Firm's funds only allow the general partner to receive carried interest distributions after investors have received a return meeting certain pre-agreed hurdles, as more fully described in the relevant fund's governing document. Accordingly, the Firm believes that neither it, nor its affiliates, have a conflict of interest with respect to these arrangements.



The Firm generally does not engage in transactions between proprietary accounts and fund accounts. From time to time, the Firm may consider a transaction by its fund(s) with a portfolio company in which one or more members of the Firm have pre-existing personal investments. The Firm manages this conflict of interest by obtaining consent from the fund's limited partner advisory board before proceeding with such transaction.

### **3. Other Conflicts of Interest and Disclosures**

#### ***Allocation of Investment Opportunities***

The Firm may encounter situations where an investment opportunity falls within the investment objective of more than one fund and must determine how to allocate such opportunity among its funds and when applicable, co-investors. The Firm generally allocates investment opportunities to funds on a basis that it reasonably determines in good faith to be fair and reasonable, taking into account a number of factors, including but not limited to, the nature of the investment focus of each fund, the relative amounts of capital available for investment, the size and stage of the investment, and any requirements contained in the governing documents of such funds.

Subject to the governing documents of the funds, the Firm may, from time to time, offer co-investment opportunities to certain persons, including certain investors and other third parties, in its sole discretion. The Firm may or may not charge management fees or carried interest-in respect of co-investments, as it determines in its sole discretion. In exercising its discretion to allocate investment opportunities, whether among the funds or among the funds and co-investment vehicles, the Firm may be faced with potential conflicts of interest if, for example, the funds and/or co-investment vehicles have differing fee, compensation or expense structures. The Firm may have a perceived or potential incentive to allocate investment opportunities to those entities from which the Firm or its affiliates may derive, directly or indirectly, a higher fee, compensation or other benefit. The Firm manages these potential conflicts of interest through various restrictions in the funds' governing documents and by presenting, when appropriate, potential conflicts of interest to a fund's limited partnership advisory committee for review and approval.

#### ***Transactions between Investors and Portfolio Companies***

The Firm may, from time to time, facilitate introductions between its prospective or actual investors and its portfolio companies, to create business opportunities between the investors and portfolio companies if the Firm believes that one may be in need of services of the kind provided by the other. The Firm does not receive any referral or success fee for facilitating such introductions.

#### ***Investments in which Funds Have Different Interests***

The funds may invest in a broad range of securities, instruments and obligations throughout the corporate capital structure. These investments include (but are not limited to) investments in common equity securities, preferred equity securities and corporate loans and debt obligations. Accordingly, certain funds may invest in different parts of the capital structure of an issuer in which other funds

invest. Such investments may give rise to conflicts of interest, or perceived conflicts of interest, for the Firm. In the event that a conflict of interest arises, the Firm will attempt to resolve such conflict on a case by case basis and in the best interests of the parties involved, while maintaining its duty of fiduciary care to the relevant funds.

### ***Valuation Matters***

The fair value of all investments or of property received in exchange for any investments will be determined by the general partner of a fund in accordance with the applicable organizational documents of such fund. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of investments will, under certain circumstances, affect the amount of management fees payable to the Firm. The valuation of investments may also affect the ability of the Firm to raise successor funds. As a result, there may be circumstances where the general partner of a fund is incentivized to determine valuations that are higher than the actual fair value of investments.

### ***Varying Interests Among Limited Partners***

The investors in the funds may have conflicting investment, tax and other interests with respect to their investments in such funds. The conflicting interests of individual investors may relate or arise from, among other things, the nature of investments made by the funds, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by the general partner of a fund, including with respect to the nature or structuring of investments that may be more beneficial for one investor, including such general partner, than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the funds, the general partners of the funds will consider the investment and tax objectives of the funds and its investors as a whole, not the investment, tax or other objectives of any investor individually. In addition, the interests held by a relatively small number of investors may be significantly larger than those held by other investors which could have a material impact on the outcome of matters requiring investor consent or approval.

### ***Line of Credit***

The funds are typically parties to one or more subscription-based credit facilities and borrowings by the funds under such facilities will generally be secured by the funds' investors' capital commitments as well as by the funds' assets, subject to certain limitations, and the terms of such facilities may provide that during the continuance of a default under such facilities, the interests and distributions of the funds' investors may be subordinated to such facilities. Use of a subscription-based credit facility may result in a higher reported internal rate of return for a fund than if the facility had not been utilized, and as a result of this and other factors (including that the interest rate on such borrowings is typically less than the rate of the preferred return (if any) and that such preferred return (if any) does not accrue on such borrowings, and only accrues on capital contributions when made) may present conflicts of interest and

the general partner of a fund may make distributions prior to the repayment of outstanding borrowings. As a result, use of such facilities may reduce the preferred return (if any) received by investors in a fund and provide the general partner of such fund with an incentive to fund investments, fees, or expenses through borrowings in lieu of or to delay capital contributions. Subject to the limitations in the governing documents of a fund, the use of a subscription-based credit facility by such fund is within the applicable general partner's discretion.

### ***Side Letters***

The Firm or its funds have and may in the future enter into agreements, or "side letters", with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the fund's offering memorandum and limited partnership agreement (or other applicable organizational documents). The modifications are solely at the discretion of the Firm and may, among other things, be based on the size of an investor's investment in a fund. The Firm and its funds generally have no obligation to disclose the details of these side letters to all the investors in the relevant fund.

## **Item 12: Brokerage Practices**

Due to the nature of the Firm's investment strategy, the Firm expects substantially all of its funds' investments to be privately negotiated directly with its portfolio companies. As such, the Firm does not anticipate utilizing brokers or dealers regularly. Where the Firm determines to utilize a broker or a dealer to transact on behalf of funds, it shall evaluate such broker or dealer based on a range of factors, including without limitation commission price, willingness to commit capital, and ability to execute the desired transaction.

The Firm does not receive client referrals from brokers-dealers, nor does it receive any "soft dollar" benefits. Additionally, the Firm does not have any directed brokerage practices.

## **Item 13: Review of Accounts**

The Firm's partners, investment principals and associates are responsible for reviewing fund holdings on an ongoing basis to determine if there have been any significant changes to any investments. Each investment will be reviewed whenever there is a major event or market shift affecting the portfolio company or its exit options. In these reviews, the Firm will re-examine its investment hypothesis, update forecasts of portfolio company performance and project the investment's return opportunity before deciding the timing for realization.

Investors receive written quarterly reports related to their investment in a fund. A typical report includes: a letter from the general partner and overview of the fund's performance, a portfolio update, a schedule of investments, and financial statements.

## **Item 14: Client Referrals and Other Compensation**

No one other than clients provides economic benefits to the Firm for providing investment advice or other advisory services to clients.

The Firm may receive certain fees from portfolio companies, such as “transaction” fees, “monitoring” fees or non-cash compensation, in connection with activities performed on behalf of clients. Generally, 50%-100% of such fees paid to the Firm or a member of the Firm, net of expenses related to the activities leading to the receipt of such fees, will reduce the management fee paid by investors.

The Firm does not compensate a third party for client referrals. However, the Firm may compensate a third party placement agent for investor referrals. In such cases, investors are notified of the material facts of such solicitation arrangements, and any compensation paid by investors to the third party placement agent reduce the investor’s management fee by the same amount, unless prohibited by applicable law or regulation.

## **Item 15: Custody**

The Firm is deemed to have custody of its funds’ assets because an affiliate acts as the general partner to its funds. Fund assets are held in the name of the fund, or in an account for the benefit of the fund, by an independent qualified custodian, as required by the SEC’s custody rule, or fund assets are private, uncertificated securities recorded on the books and records of the issuer in the name of the fund.

The Firm distributes quarterly reports to investors in its funds and typically (but not all of) its funds are audited annually. Such audited financial reports are distributed to investors. For those funds that are not audited, the Firm engages an auditor to perform a surprise examination of those funds’ assets, and a qualified custodian will send a quarterly account statement directly to investors in those funds. If an investor receives such a statement from a custodian, they are urged to review those statements carefully and compare them to statements received from the Firm.

## **Item 16: Investment Discretion**

The Firm typically has discretionary investment management authority for its funds. While the general partner of a fund is responsible for the management, policies and operations of the fund, it grants authority to the Firm to make investment recommendations and monitor investments, as more fully described in the investment advisory agreement executed among the general partner, fund, investors and the Firm at the outset of the advisory relationship. In all cases, however, this discretion is to be exercised in a manner consistent with the investment strategy and objectives of the fund. When making investment recommendations, the Firm observes the investment policies, limitations and restrictions that are applicable to the fund’s account.

## **Item 17: Voting Client Securities**

The Firm has full authority to vote securities on behalf of the funds. Due to the Firm’s investment strategy and the nature of investments generally recommended by the Firm, it does not anticipate frequently holding public securities with voting authority on behalf of its funds. However, if the funds do hold public

securities with voting authority, the Firm shall vote in the best interests of the funds. The Firm expects to frequently take an active role in the management of its portfolio companies and therefore, will generally vote with management. In some instances, such as in the event of conflict of interests, the Firm may determine that it is in a fund's best interest to abstain from voting.

Investors may obtain a copy of the Firm's proxy voting policy and/or a record of all proxy votes cast by that fund at the direction of Riverwood by contacting Riverwood by email at [investor\\_relations@rwcm.com](mailto:investor_relations@rwcm.com) or by telephone at (650) 618-7300.

### **Item 18: Financial Information**

The Firm does not require or solicit prepayment of more than \$1,200 in fees per fund, six months or more in advance. There is no financial condition that impairs the Firm's ability to meet contractual commitments to its funds. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 19: Requirements for State-Registered Advisers**

Not applicable.