



Incline Management Corp.

doing business as Incline Equity Partners

625 Liberty Avenue
EQT Plaza – Suite 2300
Pittsburgh, PA 15222
412-315-7800
www.inclineequity.com

March 27, 2018

This Brochure provides information about the qualifications and business practices of Incline Management Corp., doing business as Incline Equity Partners (the “Adviser”). If you have any questions about the contents of this Brochure, please contact the Adviser at 412-315-7800. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. The Adviser may refer to itself as a “registered investment adviser” which does not imply a certain level of skill or training. Additional information about the Adviser is available on the SEC’s website at www.adviserinfo.sec.gov. The Adviser’s CRD # is 158858 and SEC # is 801-72683.

Item 2 – Material Changes

Since the Adviser's last annual filing on March 30, 2017, the Adviser reports the following material changes to this Brochure:

- ◆ Incline Equity Partners has moved. The new address is:
EQT Plaza - Suite 2300
625 Liberty Avenue
Pittsburgh, PA 15222
- ◆ Incline Equity Partners' contact information remains unchanged.
- ◆ Wangdali ("Wali") Covar Bacdayan, Partner and Chief Compliance Officer has left Incline Equity Partners, no longer holding an ownership interest in the Adviser.
- ◆ Justin Leslie Bertram, Partner, has been appointed Chief Compliance Officer of the Adviser.

Certain conflict of interest, fee and risk sections of this Brochure have been expanded. The Adviser does not consider these expanded disclosures to represent material changes to its business, but rather provides these disclosures to be more congruent with the Governing Documents (as defined herein) of the Adviser's Funds (as defined herein). Certain routine, non-material updates have also been made throughout this Brochure.

The Adviser will provide clients with a summary of any material changes to this Brochure since the last annual update within 120 days of the Adviser's fiscal year end. The Adviser may provide additional interim disclosure about material changes, if warranted.

Current or prospective investors of the Adviser may request a copy of the Adviser's current Brochure at any time by contacting Justin Bertram, Chief Compliance Officer, at (412) 315-7783 or justin.bertram@inclineequity.com. Additional information about the Adviser is available on the SEC's website at www.adviserinfo.sec.gov. The Adviser's CRD # is 158858 and SEC # is 801-72683.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- ◆ ***An offer or agreement to provide advisory services to any person;***
- ◆ ***An offer to sell interests (or a solicitation of an offer to buy interests) in any Fund advised by the Adviser (as defined in this disclosure); or***
- ◆ ***A complete discussion of the features, risks or conflicts associated with any Fund advised by the Adviser.***

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Adviser provides this Brochure to current and prospective clients. The Adviser may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as the Fund’s private placement memorandum, prior to, or in connection with, such persons’ investment in such Funds.

Although this Brochure describes the investment advisory services of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials.

More complete information about each Fund advised by the Adviser is included in relevant offering materials which may be provided to current and eligible prospective investors only by the Adviser or its authorized agents. If there is any conflict between information conveyed in this disclosure document and that conveyed in any offering materials, the information contained in the relevant offering materials shall be deemed to govern and control.

Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Important Note about this Brochure	iii
Item 3 – Table of Contents.....	iv
Item 4 – Advisory Business	1
The Company	1
The Funds.....	1
Advisory Services	2
Market Focus	2
Item 5 – Fees and Compensation.....	3
Fees and Compensation	3
Performance Fees.....	3
Waiver of Management Fees	3
Other Fees and Expenses	4
Allocation of Fees and Expenses	7
Transaction Fees	8
Operating Partners	8
Deduction of Fees and Timing of Payment	9
Item 6 – Performance-Based Fees and Side-By-Side Management	9
Performance-Based Fees.....	9
Mitigating Conflicts of Interest Associated with Carried Interest	10
Item 7 – Types of Clients.....	10
Types of Clients and Investment Vehicles.....	10
Feeder Funds.....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	11
Methods of Analysis and Investment Strategies.....	11
Material Investment Risks	12
Adviser Selection Risks	12
Portfolio Strategy Risks	13
Private Equity Risks.....	17
General Investment Risks	25
Tax and Regulatory Risks.....	27
Potential Conflicts of Interest.	29
Item 9 – Disciplinary Information	31
Item 10 – Other Financial Industry Activities and Affiliations	31
Portfolio Company Involvement.....	31
Industry Relationships.....	32
Item 11 – Code of Ethics	33
Code of Ethics and Fiduciary Duty.....	33
Standards of Conduct.....	33
Personal Trading	33
Insider Trading.....	33

	Gifts, Entertainment, and Political Contributions	34
	Participation or Interest in Client Transactions	34
Item 12 – Brokerage Practices		35
	Broker Selection and Best Execution	35
	Co-Investments.....	35
	Allocation and Aggregation of Transactions	36
	Conflicts of Interest – Allocation of Investment Opportunities.....	37
	Portfolio Valuation.....	37
	Cross Transactions	38
	Directed Brokerage and Soft Dollars.....	38
Item 13 – Review of Accounts		38
	Review of Fund Portfolios	38
	Limited Partner Advisory Board.....	39
	Reports to Investors	39
Item 14 – Client Referrals and Other Compensation.....		40
	Economic Benefits Received from Third Parties.....	40
	Placement Agents.....	40
Item 15 – Custody		40
Item 16 – Investment Discretion.....		41
Item 17 – Voting Client Securities.....		41
Item 18 – Financial Information		42
Brochure Supplements		43
	John (“Jack”) Carl Glover.....	44
	Justin Leslie Bertram	45
	Leon Michael Rubinov	46

Item 4 – Advisory Business

The Company

Incline Management Corp. is a private investment management company, also doing business as Incline Equity Partners. Headquartered in Pittsburgh PA, Incline Equity Partners was formed in April 2011 to provide investment advisory services to private equity fund clients through limited partnership interests, focusing on private investments in lower middle-market growth companies. Incline Equity Partners is 100% owned and managed by the investment team of John (“Jack”) C. Glover and Justin L. Bertram (collectively, the “Principals”) who have worked together in the private equity market since 1998.

In August of 2011, Incline Equity Partners registered as an investment adviser with the SEC to provide investment management services exclusively to private equity funds that are pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (“Investment Company Act”).

The following are certain affiliated entities of Incline Equity Partners (the “general partners,” and together with Incline Equity Partners, the “Adviser”):

- ◆ Allegheny Capital Partners, LLC
- ◆ Allegheny Capital Partners II, LLC
- ◆ Incline GP III, LLC
- ◆ Incline GP IV, L.P.

Each general partner listed above is registered under the Advisers Act, pursuant to Incline Equity Partners’ registration in accordance with SEC guidance. This Brochure also describes the business practices of each affiliated general partner, which operate as a single advisory business together with Incline Equity Partners. The terms ‘Adviser’ and ‘general partner’ are used interchangeably throughout this Brochure.

The Funds

In September 2011, the Adviser assumed management of certain private investment funds previously managed by PNC Equity Management Corp. These private investment funds consist of PNC Equity Partners, L.P. (“Fund I”) and PNC Equity Partners II, L.P. (“Fund II”). Fund I was liquidated in 2017. The Adviser also provides advisory services to Incline Equity Partners III, L.P. (together with parallel funds and certain other related vehicles, “Fund III”), a private fund established as an independent investment vehicle with no ownership ties to PNC Equity Management Corp. The Adviser launched Incline Equity Partners IV, L.P. (“Fund IV”) in late 2016. The Adviser’s services are provided pursuant to a management agreement with the general partner of each of Fund II, Fund III, and Fund IV (collectively, “the Funds”).

As of December 31, 2017, the Adviser had \$ 943,462,368 discretionary regulatory assets under management. The Adviser does not manage any assets on a non-discretionary basis. Each of the existing Funds is closed and will not admit new investors.

Advisory Services

The Adviser tailors its advisory services to the specific investment objectives and restrictions of each Fund pursuant to the investment guidelines and restrictions set forth in each Fund's confidential private placement memorandum, limited partnership agreement and other governing documents (collectively, the "Governing Documents"). Information about each Fund and the particular investment objectives, strategies, restrictions and risks associated with an investment are described in the Governing Documents, which are made available to investors only through the Adviser and its authorized agents.

The Funds are offered exclusively to individuals who qualify as "accredited investors" under Regulation D promulgated under the Securities Act of 1933, as amended (the "1933 Act"), and/or "qualified purchasers" as defined under Section 2(a)(51) of the Investment Company Act and are therefore not required to register as investment companies with the SEC in accordance with the exemptions set forth in Sections 3(c)(1) or 3(c)(7) of the Investment Company Act. Investment strategies and guidelines are not tailored to the individualized needs of any particular investor in a Fund. Once invested in a Fund, an investor cannot impose restrictions on the types of securities in which such Fund may invest. Investments in the Funds involve significant risks and should be regarded as long-term in nature, forming only one portion of an investor's diversified investment portfolio.

Market Focus

The primary investment responsibility of the Adviser to the Funds is making equity investments in lower middle-market companies located in the United States and Canada. The Funds focus on making investments in select target business models that operate within three core business sectors (value-added distribution, outsourced services, and niche manufacturing) where the Principals have considerable prior investment experience. Each Fund focuses on change of control buyouts, corporate divestitures, and minority recapitalizations in the lower end of the "middle-market" as that term describes the enterprise value of the target portfolio company. The Funds' typical investment in a target company will range from \$15 million to \$60 million (with the ability to syndicate up to \$60 million) in companies with enterprise values generally ranging from \$30 million to \$300 million.

The Funds seek to enhance the value of portfolio companies by transforming small, entrepreneurial enterprises into larger, professional companies by utilizing the management expertise of the Adviser to effect the following: (a) upgrade and broaden the portfolio company's management talent; (b) complete strategic acquisitions to improve the competitive capability of the portfolio company; (c) improve operations; and (d) refine stand-alone business strategies to attract prospective corporate parent interest. The investment term of each Fund is specified in the applicable Fund's Governing Documents.

Each Fund will generally utilize one of the following exit strategies to monetize portfolio assets: (a) sell a portfolio company privately; or (b) take the portfolio company public via an initial public offering. It is anticipated that most portfolio companies will be sold to private buyers. The Funds mainly invest in non-public companies, although they may invest in public companies subject to

any limits set forth in the applicable Fund's Governing Documents. Each Fund may also hold public company investments as a result of a sale of all or a portion of the Fund's investments in a portfolio company, such as when a portfolio company goes public or is sold to a public company and the Fund receives stock. When investing in portfolio companies, the Principals of the Adviser often serve on portfolio company boards of directors or otherwise act to influence the management of these companies until the applicable Fund exits the investment.

Item 5 – Fees and Compensation

Fees and Compensation

The Adviser typically charges a quarterly advisory fee (the "Management Fee") as described in relevant Governing Documents. Fees and other compensation paid by a Fund to the Adviser may vary from Fund to Fund and may be different from the fees and compensation payable in respect of any successor fund. Investors should carefully review the Governing Documents of the relevant Fund in conjunction with this Brochure for complete information about fees and compensation. Similar advisory services may be available from other investment advisers for similar or lower fees.

Management Fees are initially derived from capital commitments assigned to the limited partner investors in a Fund. The Management Fee will subsequently "step down" to be calculated in line with provisions of applicable Governing Documents. A Fund's investment period, specified within the Governing Documents, is the limited period in which a Fund is permitted to enter into new investments (often four to six years from the end of the Fund's fundraising period).

The Management Fee will be reduced by Transaction Fees as further described below in "Transaction Fees."

Performance Fees

In addition to the payment of ongoing Management Fees, the Funds (and indirectly the limited partner investors) are also required to pay the general partner of the Fund performance fees based upon a percentage of a Fund's return on invested capital. For additional details about such performance-based compensation, please refer to Item 6 – *Performance-Based Fees and Side-by-Side Management*.

Management Fees, performance-based compensation, and/or any other compensation payable to the Adviser are generally negotiated with the Fund or its underlying investors and may depend on, among other factors, the amount of capital committed to the Fund.

Waiver of Management Fees

The Adviser may opt to waive a portion of its Management Fee and instead have the limited partner investors contribute a portion of the general partner's capital commitment to the Funds, although the general partner will share in distributions related to the amount contributed by the limited partners on its behalf. The Adviser will not assess Management Fees on the general partner's and

its affiliated limited partners' portion of a Fund's committed capital. The Adviser retains the right to reduce the Management Fee due from a limited partner investor at its discretion.

Other Fees and Expenses

The Adviser is liable for its normal operating overhead and administrative expenses, including salaries, bonuses and employee benefits, office facilities, back office support, accounting, management/finance functions, marketing, travel, and other management-related costs. The Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, which in certain cases may be structured to include a portion of, the Management Fee, performance-based compensation (*i.e.*, carried interest) or other compensation received by the Adviser or its affiliates.

In addition to the Management Fee, a Fund will pay all other fees, costs, expenses, liabilities and obligations relating to the Fund and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company) (such expenses, "Partnership Expenses") including, but not limited to, all fees, costs, expenses, liabilities and obligations attributable to:

- ◆ Activities with respect to the structuring, organizing, negotiating, acquiring, financing, refinancing, hedging, holding, managing, monitoring, operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, a Fund's portfolio companies and its actual and potential investments (including follow-on investments) or in seeking to do any of the foregoing (including, any associated legal, financing, commitment, transaction or other fees payable to attorneys, accountants, investment bankers, lenders and consultants in connection therewith), whether or not any contemplated transaction is consummated and whether or not such activities are successful;
- ◆ Indebtedness of, or guarantees made by, a Fund, the Adviser, the general partner, or any "affiliated partner" on behalf of a Fund, including interest with respect thereto, or of seeking to put in place any such indebtedness or guarantee;
- ◆ Broker, dealer, finder, underwriting (including, without limitation, both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder, and similar services;
- ◆ Brokerage, sale, custodial, depository, trustee, record keeping, account and similar services;
- ◆ Legal, accounting, auditing, administration (including fees and expenses associated with a Fund's third party administrator, if any), information, appraisal, advisory, valuation, research, consulting (including consulting and retainer fees paid to the Operations Group (as defined below) or any of its members, consultants performing investment initiatives and other similar consultants), tax and other professional services;

- ◆ Reverse breakup, termination, and other similar fees;
- ◆ Financing, commitment, origination and similar fees and expenses;
- ◆ Directors' and officers' liability, errors and omissions liability, general partnership liability and other insurance and regulatory expenses;
- ◆ Filing, title, transfer, registration and similar fees and expenses;
- ◆ Printing, communications, marketing, and publicity;
- ◆ The preparation, distribution or filing of Fund-related or investment related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative or regulatory filings or reports (including Form PF and any Fund-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information (including an allocable portion of any licensing, maintenance, upgrade and/or implementation fees, expenses and costs of any investor administrative tools (including software and extranet tools) related to the foregoing);
- ◆ Any activities with respect to protecting the confidential or non-public nature of any information or data;
- ◆ To the extent provided in the Governing Documents or otherwise approved by the general partner in its sole discretion, proceedings of an advisory board (including any reasonable out-of-pocket costs and expenses incurred by the members in attending such meetings);
- ◆ Indemnification, except to the extent a Fund's payment of such cost, expense, liability, or obligation is otherwise prohibited by the Governing Documents;
- ◆ Actual, threatened or otherwise anticipated litigation, mediation, arbitration, or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith;
- ◆ Any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of a Fund (except to the extent that a Fund is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to Governing Documents);
- ◆ Any annual limited partner meeting and any other conference or meeting with any limited partner(s);
- ◆ Expenses for gifts or mementos given to Fund investors, portfolio company personnel and other Fund constituents;

- ◆ Expenses associated with hosting or attending training programs and expenses for meetings and/or events for portfolio companies and/or their personnel;
- ◆ Except as otherwise determined by the general partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with a Fund, and any expenses incurred in connection with the formation of any feeder vehicles to the extent not paid by the investors investing in such entities;
- ◆ Expenses incurred in connection with the winding-up or liquidation of a Fund;
- ◆ Expenses relating to defaults by partners in the payment of any capital contributions;
- ◆ Expenses incurred in connection with any amendments to, and waivers, consents, or approvals pursuant to, the Governing Documents of a Fund and related entities;
- ◆ Any and all expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of a Fund (including, but not limited to, regulatory expenses of the general partner incurred in connection with the operation of a Fund) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving a Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification;
- ◆ Expenses incurred in connection with distributions to the partners and other expenses associated with the acquisition, holding and disposition of a Fund's investments, including extraordinary expenses;
- ◆ Unreimbursed expenses and unpaid fees of the Operations Group or its members;
- ◆ Any travel, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; and
- ◆ Expenses related to any compliance or regulatory matters related to a Fund (except those regulatory expenses that are excluded pursuant to the Governing Documents).

If a Fund proposes to structure an investment using a blocker corporation or other intermediate entity to avoid causing certain limited partners to incur unrelated business taxable income or ECI (effectively connected with the conduct of a trade or business within the United States), all costs, expenses and reduction in proceeds attributable to such blocker corporation or other intermediate entity, including those related to the structuring, formation, operation and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other

intermediate entity shall be borne solely by the limited partners investing through such blocker corporation or other intermediate entity.

If the relevant general partner, the Adviser, or their affiliates bear any Partnership Expenses, they are entitled to be reimbursed by a Fund or to offset such amounts against any reduction of the Management Fee as described above.

The general partner may create an operations group (the “Operations Group”) comprised of persons retained by the general partner or any of its affiliates primarily to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to a Fund or any portfolio company or prospective portfolio company of a Fund. Any compensation, including fees, incentive equity or other stock awards, received by Operations Group members may be paid by a portfolio company or prospective portfolio company (which payments are not included as “Transaction Fees”) or directly by a Fund.

For legal, tax, regulatory, accounting, or other similar reasons, a Fund may form one or more alternative investment entities to make, restructure or otherwise hold investments, including outside of a Fund (including any flow-through investment vehicle). Generally, in such event, each limited partner that participates in such an alternative investment vehicle would do so on substantially the same terms and conditions as it participates in the Fund; provided that each limited partner elects through a subscription agreement whether to participate in flow-through investment vehicles. Alternative investment vehicles are included in all references to a Fund throughout this Brochure, as appropriate.

This list does not represent all applicable fees and expenses borne by a Fund. For further discussion of brokerage fees, commissions and other related transaction costs and expenses, please refer to Item 12 – *Brokerage Practices*.

Allocation of Fees and Expenses

A Fund generally pays (or reimburses the Adviser) for its proportionate share of fees and expenses which are incidental or related to the maintenance of the Fund or the buying, selling and holding of investments according to the methodology set forth in the Governing Documents of such Fund. Expenses that are attributable to more than one Fund generally are allocated among such Funds based on a methodology deemed appropriate and equitable by the Adviser, for example on the basis of respective aggregate capital commitments or net assets under management. While the Adviser believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund.

The Adviser pays its share of any expenses that are attributable to management company operations. The Adviser’s Chief Financial Officer is responsible to oversee the fee and expense allocation process.

As described further in Item 12 – *Brokerage Practices*, in certain circumstances, the Adviser may permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject

to the Adviser's related policies and the relevant Governing Documents and/or side letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the general partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction.

Transaction Fees

The Management Fee will be reduced by an amount equal to 80%-100% of Transaction Fees attributable to partners not designated as "affiliated partners" by the general partner. Transaction Fees include any: directors' fees, financial consulting fees or advisory fees paid to the general partner with respect to any Fund investment; transaction fees paid to the general partner with respect to any Fund investment; and break-up fees with respect to Fund transactions not completed that are paid to the general partner, in each case net of certain expenses (including those described below) as set forth in the Governing Documents; but not including, in any event, any amount received by the general partner or any other person from a portfolio company (a) as reimbursement for expenses directly related to such portfolio company, (b) as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, or (c) as compensation for services provided by the general partner or other person as an employee of or in a similar capacity for such portfolio company, or any fees, expenses or compensation (including fees, incentive equity, stock awards or other non-cash compensation) paid to, or received by, members of the Operations Group from a Fund or any portfolio company and any other fees or expenses approved by the advisory board.

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the general partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees.

Operating Partners

The Adviser maintains and cultivates a non-employee network of seasoned operating professionals who are former senior executives with operating experience and/or industry-specific knowledge ("operating partners"). These individuals may provide strategic advice to portfolio companies on matters such as deal sourcing, interim management, technical consulting, consolidation activities, operational improvement initiatives, human capital management, industry networking, and other similar projects. Operating partners are not employees of the Adviser or its affiliates. The operating partners may provide a recommendation or opinion on an aspect of a target portfolio company or a portfolio company management team member during the due diligence process or throughout the life of the investment, but do not directly participate in the Adviser's decision making process with regard to the acquisition or sale of the portfolio company. Although the Adviser may recommend the services of an operating partner, the determination of whether to engage an operating partner is made by the portfolio company. Operating partners are compensated directly

by the portfolio company to which such operating partner is providing advice. Such compensation is determined based on a negotiation, finding a match between the value the portfolio company feels the operating partners provide and the value the individual places on his time, and may include, but is not limited to cash fees, retainers, transaction fees, a profit or equity interest in a portfolio company, profits or equity interests in one or more Funds or Fund general partners, remuneration from the Adviser and/or its Funds or affiliates or other compensation. No such compensation will offset any Management Fees (or other fees) received by the Adviser or any of its affiliates.

Operating partners may also be given the opportunity to invest in one or more Funds and may receive beneficial terms as an affiliated limited partner.

The referral of operating partners to one or more portfolio companies may subject the Adviser and/or its affiliates to potential conflicts of interest. The Adviser believes that such conflicts are mitigated by the potential cost savings to portfolio companies (expected to benefit the applicable Fund(s)) that will result if the cost of the operating partner is lower than market rates for the services provided and/or if the quality of operating partner services makes a greater contribution to the success of the portfolio company. Although the Adviser seeks to refer operating partners with a view toward reducing costs and adding value to portfolio companies and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention.

Deduction of Fees and Timing of Payment

The Adviser is authorized under the Governing Documents of each Fund to charge and deduct advisory fees directly from the contributed capital and/or other assets of the applicable Fund. Management Fees are generally payable by a Fund quarterly in advance. The general partner of the Fund typically makes capital calls on investors for their *pro rata* share of Fund expenses (including Management Fees). Following the dissolution of a Fund, the general partner of the Fund will, in accordance with the partnership agreement, make a final determination of all items of income, gain, loss and expense. After payment or provision for payment of all liabilities and obligations of the Fund, the remaining assets, if any, will, in accordance with the partnership agreement, be distributed to investors.

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

Performance-Based Fees

In addition to the compensation discussed in Item 5 – *Fees and Compensation*, an affiliate of the Adviser, as the general partner of a Fund, may be eligible to receive performance-based compensation, also referred to as “carried interest.” Carried interest is equal to a percentage of the Fund’s net profits. Any performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act and the applicable rules promulgated thereunder, which specify certain qualification thresholds for clients of the Adviser being assessed such a fee. Any share of profits paid to the general partners of the Funds is separate and distinct from the Management Fees charged by the Adviser for advisory services to the Funds.

Performance fees are subject to individualized negotiation with the limited partners investing in each Fund. In addition to limited partners invested in the main pooled fund, the Adviser may use side arrangements (“side-by-side funds” or “parallel funds”) to accommodate other qualified purchasers that require amendments to the partnership agreement governing the “main fund.” These parallel funds generally invest side-by-side with the main fund in each investment proportionate to their respective committed capital. Parallel investment entities are included in all references to a Fund throughout this Brochure, as appropriate.

Mitigating Conflicts of Interest Associated with Carried Interest

Carried interest in a Fund may create an incentive for the Adviser and the Fund’s general partner to make more speculative investments for the Fund than it would otherwise make in the absence of such performance-based compensation. However, conflicts of interest associated with carried interest are mitigated by: (a) the requirement that invested capital and related expenses be returned to investors before the general partner of a Fund becomes entitled to receive any carried interest; (b) the requirement that the general partner have a capital commitment to the Fund; and (c) a general partner claw back obligation under dissolution of the Fund.

Item 7 – Types of Clients

Types of Clients and Investment Vehicles

As noted in Item 4 – *Advisory Business*, the Adviser provides discretionary investment advisory services to the Funds, which are pooled investment vehicles exempt from registration under the Investment Company Act. The limited partners participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Adviser and its affiliates and members of their families, operating partners or other service providers retained by the Adviser.

Minimum investment commitments may be established for limited partners in the Funds. The general partner of each Fund, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the applicable Governing Documents of such Fund.

As discussed in Item 5 - *Fees and Compensation*, the Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory, accounting or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

Feeder Funds

One or more feeder funds may be formed to facilitate an investment in a Fund by the investors in such feeder fund (each, a “Feeder Fund”). A Feeder Fund is a limited partner of the Fund whose interests in the Feeder Fund are held by the investors who elect to participate in the Fund through such Feeder Fund. As an example, business executives and operating partners may participate in a Feeder Fund to a main fund. The terms of these entities may be more or less favorable to the investors therein than the terms offered to the limited partners in a main fund and the capital commitments to these entities (and their level of participation in Fund investments) may be increased or decreased from time to time to the extent permitted by applicable Governing Documents, including in connection with an investor’s or its associated individual’s disassociation from the general partner or its affiliates.

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

Methods of Analysis and Investment Strategies

As discussed in Item 4 – *Advisory Business*, the Adviser’s primary investment strategy is making private equity investments in lower middle-market companies defined as companies with enterprise values generally in the \$30 million to \$300 million range. The Adviser believes that the lower middle-market offers attractive investment opportunities to experienced investors because it remains a relatively less efficient market than the mergers and acquisitions market for larger companies. Investment opportunities may include transactions with capitalization and ownership structures that are difficult for traditional venture capital firms or middle-market buyout firms to finance. This inefficiency is manifest in the valuations of smaller companies which are frequently discounted relative to larger companies within the same industry and generally receive less attention from larger, more sophisticated buy-out intermediaries.

The Adviser employs an investment strategy developed by its Principals during the course of their professional careers in the private equity markets. Key elements of this investment strategy are as follows:

- ◆ Invest in portfolio companies with an enterprise value generally ranging from \$30 million to \$300 million and which retain strong barriers to entry, recurring cash flows, loyal and diverse customer bases, high operating margins, and stable market share dynamics.
- ◆ Acquire portfolio companies in the North American lower middle-market focusing upon the Adviser’s core business sectors (i.e., value-added distribution, outsourced services, and niche manufacturing).
- ◆ Impart the Adviser’s management expertise and operating metrics to portfolio company management.
- ◆ Apply a disciplined, rigorous investment due diligence process wherein the Adviser will typically perform primary management, market, financial, accounting, environmental, and customer reference research.
- ◆ Utilize available leverage financing to facilitate minority recapitalizations, change of control buyouts, and corporate divestitures.

- ◆ Embed an exit strategy in the originating investment thesis for a prospective portfolio company acquisition.

Material Investment Risks

An investment in a Fund involves significant risks and should be undertaken only by prospective investors capable of evaluating and bearing such risks. Fund returns may be unpredictable and, accordingly, a Fund's investment program is not suitable as the sole investment vehicle for an investor. A prospective investor should only invest in a Fund as part of a broader overall investment strategy, and only if the prospective investor is able to withstand a total loss of its investment. Prospective investors should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the limited partner interests. Due to these factors, as well as other risks inherent in any investment, there can be no assurance that a Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program.

The following list is not a complete list of all risks and other considerations involved in connection with an investment in a Fund. Prospective investors should make their own inquiries and investigation, including an evaluation of the merits and risks involved and the legality and tax consequences of a Fund investment, and consult their own advisors as to a Fund, the offering of limited partner interests, and the legal, tax and related matters concerning an investment in a Fund. The risk sets outlined below are categorized according to: (a) adviser selection risks; (b) portfolio strategy risks; (c) private equity risks; (d) general investment risks; and (e) tax and regulatory risks. Clients of the Adviser, as well as investors in each Fund, should be prepared to bear losses in both principal invested and unrealized capital gains.

Adviser Selection Risks

Future and Past Performance; Loss of Principal - A newly formed Fund consists of entities that have no prior operating history or track record. Accordingly, a newly formed Fund does not have performance history for a prospective investor to consider. In considering the prior performance information of the other investment funds managed by the Adviser, prospective investors should understand that an investment in a new Fund does not represent an interest in any investment or investment portfolio of any other predecessor Fund. Information about the prior performance of the Adviser's Funds is not necessarily indicative of a new Fund's future results. There can be no assurance that the risk/return profile of an investment in a new Fund will resemble that of the prior Funds sponsored by the Adviser. An investor should only invest in a Fund as part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment in the Fund. While the general partner intends for a Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Dependence on the Adviser and its Affiliates – Decisions with respect to the management of a Fund and the acquisition, management and liquidation of highly illiquid investments will be made by the Adviser and its affiliate serving as the general partner of a Fund and will be conducted in accordance with Fund Governing Documents and the Adviser's compliance policies. Limited

partner investors of a Fund may have no right or power to take part in managing the Fund and may not have an opportunity to evaluate the specific investments made by the Fund or the terms of any investment. Accordingly, no investor should purchase interests in a Fund unless willing to entrust all aspects of Fund management to the Adviser and its affiliates. The success of a Fund will depend significantly on the skill and expertise of the Principals and the Adviser's affiliates in selecting investment opportunities, negotiating appropriate terms of acquisition, managing portfolio companies, and arranging for a profitable exit strategy. The loss of key advisory personnel could have a material adverse effect on a Fund.

Reliance on Portfolio Company Management - The success of many of a Fund's portfolio companies is heavily dependent on the management of such companies. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Additionally, the general partner will generally establish the capital structure of companies in which a Fund invests based on the financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although the general partner will be responsible for monitoring the performance of each portfolio investment and a Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management team, or any successor, will be able or willing to successfully operate a company in accordance with a Fund's objectives. Portfolio companies may need to attract, retain, and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company's holding period. There can be no assurance that portfolio companies will be able to attract, develop, integrate, and retain suitable members of its management team and, as a result, a Fund may be adversely affected.

Possibility of Fraud or Other Misconduct of Employees and Service Providers - Misconduct by (a) the Adviser's employees, (b) portfolio company directors, officers, or employees, and (c) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of a Fund and/or the general partner and cause significant losses to a Fund. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to a Fund. The Adviser has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be identified or prevented.

Portfolio Strategy Risks

Illiquid and Long-Term Investments – There is no public market for all or most of the securities held by a Fund. A Fund will generally not be able to sell its securities publicly unless their sale is

registered under applicable securities laws, or unless an exemption from registration is available. Practical limitations, unfavorable market conditions, and/or contractual restrictions may inhibit, for an indefinite period of time, a Fund's ability to liquidate its investments in portfolio companies. The expenses of operating a Fund may exceed its income, with the difference having to be paid from investor capital. Losses on unsuccessful investments in portfolio companies may be realized before gains on successful investments are realized. Although investments made by the Fund may occasionally generate nominal current income, the return of capital and realization of capital gains, if any, from a Fund investment generally will occur only upon the partial or complete sale of portfolio companies in the Fund. Although a portfolio company in the Fund could be sold at any time, it is expected that the sale of most Fund assets will not occur for a number of years following acquisition.

No Assurance of Investment Return – The Adviser cannot provide assurance that it will be able to profitably source, acquire, manage, and/or monetize Fund investments in any particular company or portfolio of companies. There can be no assurance that a Fund will be able to generate returns for its investors or that the returns will offset the risks of investing in the type of companies and transactions set forth in its Governing Documents. Accordingly, an investment in a Fund should only be considered by investors who can afford a loss of their entire investment. Past activities of investment entities associated with the Adviser, its Principals, and affiliates provide no assurance of future success.

Uncertainty of Projections - A Fund may use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the general partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of 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. There can be no assurance that the results set forth in any projections will be attained, and actual results may be significantly different from projections.

Valuations - It is difficult to determine the true fair market value of private company securities. While information presented to a Fund by the Adviser is done in good faith and in accordance with the Adviser's written valuation policies and procedures, there can be no assurance that explicit or implicit valuations of a Fund's current or prospective private company securities, as periodically reported to investors, will reflect the ultimate fair market value of a particular asset or portfolio of assets.

Risks upon Disposition of Investments – Upon the sale or liquidation of an investment in a portfolio company or the completion of a successful initial public offering of the securities issued by a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company or assume responsibility for the contents of disclosure documents under applicable securities laws. A Fund may be required to indemnify the buyers of

such investments or underwriters of the securities of a portfolio company, to the extent that any such representations or disclosure documents involve material inaccuracies. These arrangements may result in contingent liabilities for a Fund. Governing Documents may contain provisions stating that a limited partner may be required to return distributions received from a Fund for purposes of meeting its ratable share of the Fund's indemnity or other obligations in an amount not exceeding a defined percentage of such limited partner's capital commitment to the Fund.

Concentration of Investments; Lack of Diversification; Reliance on Portfolio Company Management – A Fund will invest in a limited number of investments. Therefore, the total return of a Fund may be adversely affected by the negative performance of relatively few investments. A Fund generally cannot invest more than 20-25% of its commitments in a single industry and will likely participate in a limited number of overall investments.

If a Fund co-invests with another Fund, a limited partner invested in such other fund may have exposure to a single portfolio company through more than one fund, potentially multiplying such limited partner's losses.

Given the Principals' experience in certain core industries and the structural requirements of operating a Fund, a Fund may seek to make investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As such, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of a Fund's investments, may substantially affect a Fund's aggregate return. In addition to the foregoing, because a Fund may only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could severely affect total returns. If certain investments perform unfavorably, then for a Fund to achieve above-average returns, one or a few of its investments must perform very well, and there can be no assurances that this will be the case.

The Adviser regularly monitors portfolio company performance. However, it is primarily the responsibility of portfolio company management to operate a portfolio company on a day-to-day basis and there is no assurance that management will perform in accordance with the Adviser's expectations. Some portfolio companies will depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would adversely affect the business. To mitigate these risks, the Adviser will not generally recommend investment of more than 20-25% of aggregate Fund capital commitments in any one company.

Impacts of Excuse or Exclusion - A limited partner's participation in a Fund's investments may be limited by virtue of the general partner's right to exclude a limited partner from, or a limited partner's right to be excused from, participating in certain of a Fund's investments as set forth in the Governing Documents, thereby increasing the participation of other limited partners. Due to one or more limited partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating limited partners could be adversely affected in a material manner by the unfavorable performance of even one investment by the Fund.

Leveraged Investments; Borrowing - A Fund may make use of leverage by compelling a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment, while the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast. At times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs.

The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment, or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. If a portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, a Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, a Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Fund's ability to generate attractive investment returns for the Fund as a whole. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of businesses which a Fund may have been contracted to purchase.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). Any use of leverage by a Fund may result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the general partner or any of its affiliates and, in connection with incurring such indebtedness, the general partner may, in its sole discretion, cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent a Fund incurs leverage or provides any guaranty, such amounts may be secured by the capital commitments of the Fund's investors and other Fund assets. The inability of a Fund to repay any leverage secured by the capital commitments of the Fund's investors could enable a lender to issue a capital call on behalf of the general partner of the Fund.

Lack of Unilateral Control - Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Changes in Investment Focus - A Fund is not restricted in terms of the percentage of its capital that can be invested in a particular industry. While a Fund's Governing Documents contain a description of the types of investments that the Adviser has historically made and information about the Adviser's expectations with respect to a Fund, many factors may contribute to changes in emphasis in the construction of the portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of a Fund will resemble the portfolio of any prior Fund sponsored by the Adviser.

Private Equity Risks

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

No Market for Limited Partner Interests in Funds and Restrictions on Transfer – The limited partner interests in the Funds have not been registered under the 1933 Act or the securities laws of any state or other jurisdiction, and, therefore, cannot be resold unless they are subsequently registered under applicable securities laws or an exemption from registration is available. Investors are not permitted to assign their Fund interests without the prior written consent of the general partner of the Fund, and any such assignment is subject to the terms and conditions of a Fund's Governing Documents. Therefore, an investment in a Fund should be considered illiquid and investors must be prepared to bear the risks of owning their interests for an indefinite period.

Significant Adverse Consequences for Default – Governing Documents provide for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting limited partner may be forced to transfer its interest in a Fund for an amount that is less than the fair market value of such interest. Whether and how to exercise the general partner's remedies against a defaulting limited partner will be at the discretion of the general partner, and

the general partner may require the non-defaulting limited partners to contribute capital to make up for the shortfall created by such defaulting limited partner.

Failure to Make Capital Contributions - If a limited partner fails to pay when due installments of its commitment to a Fund, and the contributions made by non-defaulting limited partners and borrowings by a Fund are inadequate to cover the defaulted amount, a Fund may be unable to pay its obligations when due. As a result, a Fund may be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners).

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

Transfer by General Partner - To the extent the general partner, its partners, including the Principals, and/or their respective affiliates commit to make a direct or indirect investment in or along-side a Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations noted in the Governing Documents.

Recycling; Reinvestment - During the investment period, the general partner generally has the right to recall certain capital returned or distributed to the partners. Accordingly, during the term of a Fund, a partner may be required to make capital contributions in excess of its commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, a partner will remain subject to investment and other risks associated with such investments.

Fees and Expenses - A Fund will pay and bear all expenses related to its operations, including Management Fees and the costs of holding, monitoring, maintaining, and disposing of portfolio companies, including investment banking fees, and consulting fees, whether or not a Fund makes any profits. While it is difficult to predict the future expenses of a Fund, such expenses may be substantial and may surpass a Fund's operating income. The amount of these partnership expenses will reduce the actual returns realized by limited partners on their investment in a Fund (and may, in certain circumstances, reduce the amount of capital available to be deployed by a Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of a Fund's expenses ultimately called or called at any one time may exceed expectations.

Investments Longer than Term - A Fund may make investments that may not be advantageously disposed of prior to the date a Fund is dissolved, either by expiration of a Fund's term or otherwise, or the Fund's term may be extended to facilitate the wind-down of the Fund. Although the general partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the general partner has a limited ability to extend the term of a Fund, and the Fund may have to sell, distribute, or otherwise dispose of investments at a disadvantageous

time due to dissolution. If such investments are held in trust, the trust may incur operating and formation expenses. In addition, there can be no assurances as to the timeframe in which the winding-up and final distribution of proceeds to the limited partners will occur.

Follow-on Investments – A Fund may be called upon to make additional “follow-on” investments in a portfolio company after the Fund’s initial investment. Follow-on investments are made in portfolio companies to facilitate their growth and represent an incremental capital commitment by the Fund. The Adviser may deem these investments to be appropriate to improve the performance of a particular Fund asset or to increase the exposure of the Fund to the particular company. However, there can be no assurance that a Fund will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Fund to decline a follow-on investment, for whatever reason, may have a substantial negative impact on a portfolio company in need of such an investment and may diminish the Fund’s ability to influence the portfolio company’s future development. Under no circumstances will the Fund increase its exposure to a portfolio company beyond 20-25% of aggregate capital commitments.

Investment in Restructurings – A Fund may invest in restructurings of existing portfolio companies that are experiencing financial difficulties or that require an alternative capital structure to compete in their business sector. A Fund may also invest in companies that have already experienced financial difficulties and appear to provide an attractive entry point for the Fund. These financial difficulties may never be overcome and may cause such companies to become subject to bankruptcy or other liquidation proceedings. These investments could subject a Fund to potential liabilities that may exceed the value of the Fund’s original investment. For instance, under certain circumstances, payments to a Fund (and related distributions made to its limited partners) by a distressed portfolio company may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable anti-fraud, bankruptcy and insolvency laws. Investments in restructurings also may be adversely affected by statutes relating to, among others, lender liability and the court’s discretionary power to disallow, subordinate or disenfranchise particular claims.

Bridge Investments – A Fund may provide bridge financing for one or more of its investments. While such securities are outstanding, a Fund will bear the risk of changes in the capital markets that may adversely affect the ability of a portfolio company to refinance bridge investments with a third party. If the portfolio company cannot complete a refinancing of the bridge loan, for example, a Fund may have a long-term investment in a junior security or the security may have issuer conversion features which reduce its seniority to other securities in the portfolio company’s capital structure. Aggregate borrowings are generally subject to a cap calculated as a percentage of aggregate commitments and undrawn commitments.

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

Non-Controlling Investments – A Fund may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect its position in such portfolio companies. As a condition to investment in a portfolio company, it is expected that appropriate

rights will be sought by the general partner to protect a Fund's interests although there is no guarantee or assurance to Fund investors that such rights will be obtained.

Risk of Receiving Liquidating Distributions of Illiquid Securities – Funds may under certain circumstances be required to make liquidating distributions of restricted or otherwise illiquid securities. Fund investors must be prepared to bear the risks of owning such securities for an indefinite period of time.

Indemnification – A Fund will be required to indemnify the Adviser and its affiliate acting as the general partner, their affiliates and each of their respective members, officers, directors, employees, stockholders, shareholders, partners and other persons who serve at the request of the general partner on behalf of the Fund, for liabilities incurred in connection with the affairs of the Fund. Members of any limited partner advisory board that have been appointed by the general partner of a Fund also will generally be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the partnership agreement. Liabilities resulting from such indemnification obligations may be material. The indemnification obligation of a Fund would be payable from the assets of the Fund, including the unpaid capital commitments of the limited partners. If the assets of a Fund are insufficient, the general partner of the Fund may recall distributions previously made to the limited partners, subject to certain limits set forth in the partnership agreement.

Risk Arising from Provision of Management Assistance – A Fund will use its reasonable best efforts to structure its investments to qualify as a “venture capital operating company” (a “VCOC”) within the meaning of regulations promulgated under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This structure is designed to ensure that the equity participation of ERISA investors in a Fund is not “significant” within the meaning of the Plan Assets Regulation issued by the Department of Labor. To qualify as a VCOC requires that a Fund obtain directly and by contract the rights to participate substantially in, and to influence substantially the conduct of the management of, a majority (valued at cost) of the Fund's investments. A Fund typically will name one or more directors to serve on the boards of directors of portfolio companies or will receive observer rights on such boards. Naming representatives and other measures could expose the assets of a Fund to claims by a portfolio company, its security holders and creditors, including claims the Fund is a controlling person and thus is liable for securities laws violations of such portfolio company. While the general partner will seek to minimize Fund exposure to any such risks, the possibility of successful claims cannot be precluded.

Risks in Effecting Operating Improvements - In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of a Fund to 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. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that a Fund will be able to successfully identify and implement such improvements.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions- Before making investments, the general partner will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental, and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and the general partner may rely on the advice received from such third parties. Investment analyses and decisions by the general partner will often be undertaken on an expedited basis for a Fund to take advantage of investment opportunities. In such cases, the information available to the general partner at the time of an investment decision may be limited, and the general partner may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

Control Person Liability - A Fund is expected to have controlling interests in many of its portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If determined to be a direct owner or operator of any of the portfolio company's facilities or operations, a Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, a Fund might suffer significant losses. While the general partner intends to manage a Fund in a manner that will minimize the exposure of these risks, the possibility of successful claims against a Fund and/or its affiliates cannot be precluded.

Director Liability - A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests (each, a "Board Representative"). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, a Board Representative may have duties to persons other than a Fund. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Board Representative, and ultimately a Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect against such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Litigation - The transactional nature of the business of a Fund exposes the Fund, the general partner, and their respective affiliates generally to this risk of third-party litigation. In the ordinary course of its business, a Fund may be subject to litigation from time to time. Under the Governing Documents, a Fund will generally be responsible for indemnifying the general partner and certain of its affiliates for costs they may incur with respect to such litigation not covered by insurance. The outcome of litigation proceedings may materially adversely affect the value of a Fund and

may continue without resolution for long periods of time. Additional regulation could also increase the risks of third-party litigation. Any litigation may consume substantial amounts of the general partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Unfunded Pension Liabilities of Portfolio Companies - Recent court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although a Fund intends to manage its investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund may own an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of a Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests 80% or more of the equity.

Liability of Limited Partners - Generally, a limited partner should not be personally liable for the debts of a Fund except that, in the event a Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them, subject to certain limitations set forth in the Governing Documents. In addition, any partner's commitment is susceptible to risk of loss because of any liability of a Fund irrespective of whether such liability is attributable to an investment to which such partner did not contribute any capital.

Hedging Arrangements - The general partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options, and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian, or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the general partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.

Competitive Investment Environment – Private equity investing involves a significant degree of uncertainty. The Adviser will compete with strategic buyers and other investors, including other private equity funds, hedge funds, direct investment firms, industrial groups, and merchant banks for investment opportunities. 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/or more personnel than the general partner, the Funds, and their affiliates.

The general partner expects that competition for appropriate investment opportunities may increase, which may also require a Fund to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to a Fund, and/or adversely affecting the terms upon which portfolio investments can be made.

To the extent that a Fund encounters competition for investments, returns to limited partners may decrease. In addition, it is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. Moreover, limited partners will be required to bear Management Fees through a Fund during the Investment Period based on the entire amount of the limited partners' commitments and other expenses as set forth in the Governing Documents.

Over-Commitment – In order to facilitate the acquisition of a portfolio company, a Fund may make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, a Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, a Fund may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or may realize lower than expected returns from such investment.

Agreements with Certain Investors – The general partner may enter into a side letter or other similar agreement with a particular limited partner in connection with its admission to a Fund without the approval of any other limited partner, which would have the effect of establishing rights under, altering or supplementing the terms of, or confirming the interpretation of an applicable Fund document with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners, and such rights may be significant. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (a) excuse, exclusion or withdrawal rights applicable to particular investments or limited partners (which may increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, certain investments); (b) reporting obligations of the general partner; (c) waiver of certain confidentiality obligations; (d) consent of the general partner to certain transfers by such limited partner; or (e) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such limited partner.

Disclosure of Confidential Fund and Investor Information - The limited partners are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding a Fund, its investments, and its investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that investors in private equity funds that are subject to

such laws have in place with private equity funds. A Fund may incur expenses in connection with responding to any such disclosure requests, even if the Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the limited partners will have pursuant to the Governing Documents to maintain the confidentiality of Fund information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. The general partner may also in certain circumstances, to protect any such potential disclosure, withhold all or any part of the information otherwise to be provided to such a limited partner, as more fully described in the Governing Documents. There can be no assurance that such information will not be disclosed by a Fund, the general partner, the Adviser, their affiliates and personnel, portfolio companies or services providers to any of them including, without limitation, to comply with laws, regulations, or policies to which they are or may become subject. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act the SEC has authority to require private equity fund advisers to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of a Fund information could have an adverse effect on the Fund and its investors, for example, by affecting the Fund's competitive advantage in finding attractive investment opportunities.

Cyber Security Breaches and Identity Theft - A Fund and its portfolio companies' information and technology systems 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 earthquake. Although the general partner intends to implement 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, the general partner, a Fund and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the general partner's, a Fund's and/or a portfolio company's 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 general partner's, a Fund's, and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

Electronic Delivery of Certain Documents - Pursuant to the subscription agreement entered into by a limited partner, such limited partner may consent to electronic delivery (including email, facsimile or posting on a Fund's web-based investor reporting site or other Internet service in accordance with the Governing Documents) of (a) any notices or communications required or contemplated to be delivered to such limited partner by a Fund, the general partner or any of their respective affiliates, pursuant to applicable law or regulation, at the option of the person making such delivery, and (b) capital call notices and other notices, requests, demands or consents or other communications and any financial statements, reports, schedules, certificates or opinions required to be provided to such limited partner under the Governing Documents or under any side letter or similar agreement with such limited partner. There are certain costs and possible risks (e.g., system outages) associated with electronic delivery. Moreover, the general partner cannot provide any assurance that these communication methods are secure and will not be responsible for any

computer viruses, problems, malfunctions, theft of information or related problems that may be associated with the use of an Internet-based system.

General Investment Risks

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

Foreign Investments – Investments in certain foreign capital markets and securities involve risks and special considerations not typically associated with investing in the more developed and established U.S. capital markets and securities. These risks may relate to: (a) currency exchange; (b) differences between the U.S. and foreign securities markets, including general market volatility, liquidity, and regulation among other differences; (c) certain economic and political risks, including potential exchange control regulations and limits on foreign investment and repatriation of capital, the risk of political, economic, or social instability, including war and the possibility of expropriation or confiscatory taxation; (d) the possible imposition of foreign taxes on income and gains recognized on such securities; (e) dependence on exports and the corresponding importance of international trade; (f) higher rates of inflation; (g) governmental involvement in and control over the economies; (h) longer settlement periods for securities transactions; and (i) less developed corporate laws regarding fiduciary duties and investor protections. While a Fund may be managed to minimize exposure to the foregoing risks, there can be no assurance of success.

Financial Market Variations – General swings in the market prices of securities and interest rates may affect the value of the investments held by a Fund. Instability in the capital markets may also increase the risk inherent in a Fund's investments. The ability of portfolio companies to refinance or redeem securities held by a Fund may depend on their ability to sell new securities in the market or obtain financings.

General Economic and Market Conditions - The private equity industry generally and the success of a Fund's investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the general partner. General fluctuations in the market prices of securities

and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return.

Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the general partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure and may be magnified by the expected limited geographic diversity of a Fund's investments.

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments - If the global credit markets deteriorate and it becomes more difficult for a Fund to obtain favorable financing for investments, a Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

Adequacy and Availability of Insurance - While a Fund may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation. Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact a Fund's profitability.

Tax and Regulatory Risks

General Tax Considerations – A Fund is expected to be treated as a partnership for U.S. federal income tax purposes. Each U.S. partner in a Fund, in calculating its U.S. federal income tax liability, will consider its allocable share of items of income, gain, loss, deduction and credit of the Fund, without regard to whether it has received distributions from the Fund. An investment in a Fund may result in various complex tax issues for limited partners. Prospective investors are urged to consult their own tax advisors with specific reference to their own situations concerning an investment in a Fund. When a Fund invests in a company operating in a certain jurisdiction, the Fund or its limited partners may be subject to income or other tax in that jurisdiction. Withholding taxes or branch taxes may be imposed on earnings of a Fund from investments in such jurisdiction.

A Fund may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by the U.S. Internal Revenue Service (the “IRS”), a limited partner might be found to have a different tax liability for that year than that reported on its federal income tax return. In addition, an audit of a Fund may result in an audit of the returns of some or all limited partners, which examination could result in adjustments to the tax consequences initially reported by a Fund and affect items not related to a limited partner’s investment in a Fund. If such adjustments result in an increase in a limited partner’s federal income tax liability for any year, such limited partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of a Fund’s tax return will be borne by the Fund. The cost of any audit of a partner’s tax return will be borne solely by the partner. The taxation of partnerships and partners is complex. Prospective investors are strongly urged to consult their own tax advisors.

Delayed Tax Information - A Fund may not be able to provide final Schedule K-1s to limited partners for any given fiscal year until after April 15 of the following year. Final Schedule K-1s may not be available until a Fund has received tax-reporting information from its portfolio companies necessary to prepare final Schedule K-1s. Limited partners may be required to obtain extensions of the filing dates for their U.S. federal, state, and local income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in a Fund.

New Rules Regarding U.S. Federal Income Tax Liability Resulting from IRS Audits - For taxable years of a Fund beginning on or after January 1, 2018 (or earlier, if the Fund so elects), U.S. federal income taxes arising from an IRS audit will be paid by a Fund absent an election to the contrary. In addition, a newly designated “partnership representative” will have the power to act on behalf of a Fund and its partners in all IRS audits and other proceedings involving a Fund’s U.S. federal income, loss, deductions, and credits. These new rules may be less favorable than current partnership audit rules for certain partners in certain cases.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes - There continues to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund’s activities, including the ability of a Fund to effectively and timely

address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2008 global financial crisis, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

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

Regulation and Enforcement - The growth of the private equity industry, and the increasing size and reach of transactions, has prompted additional governmental and public attention to the industry and its practices. In recent years, there have been governmental investigations and lawsuits over whether certain club deals or consortium bids constituted an illegal attempt to collude and drive down the prices of acquisitions. Consortium bids are deals in which two or more unaffiliated entities either provide equity financing or divide the target business being acquired. These transactions can range in size from the large private equity club deals in which the target remains intact to much smaller deals in which a target is broken up and sold to multiple strategic buyers. Private equity firms that engage in potentially anti-competitive practices in an otherwise permissible and lawful club deal could be liable for monetary damages to former shareholders of target companies and could be subject to U.S. Department of Justice (the "DOJ") investigation and civil and criminal prosecution resulting in fines. The Antitrust Division of the DOJ has previously issued information requests relating to private equity transactions among multiple fund sponsors, and in 2014 several fund sponsors settled claims that they had conspired to not bid against each other on eight large "take-private" buyouts that occurred prior to the 2008 global financial crisis. There can be no assurance that a Fund will not be subject to third-party litigation and/or investigations involving consortium bids.

In addition, numerous regulatory initiatives have been launched and significant legislation has been enacted because of the severe global market volatility and dislocations, financial institution failures and defaults and large financial frauds that occurred during the 2008 global financial crisis. U.S. regulators, including the U.S. Federal Reserve System, the Office of the Comptroller of the

Currency and the Federal Deposit Insurance Corporation have also recently warned banks against leveraged lending that load companies with large amounts of debt. Regulation generally, as well as regulation more specifically addressed to the private equity industry, including tax laws and regulation, whether in the United States or outside of it, could further increase the cost of acquiring, holding or divesting portfolio investments and the cost of operating a Fund, as well as harm the profitability of enterprises and interfere with the ability of a Fund to engage in certain transactions.

Potential Conflicts of Interest

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of a Fund, a general partner, the Adviser, and their respective affiliates. Although certain conflicts of interest are discussed throughout this Brochure, the following discussion identifies additional potential conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, investors should be aware that the Adviser, its personnel, and its affiliates may in the future engage in further activities that may result in additional conflicts of interest not addressed below. There can be no assurance that the Adviser will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund.

If any matter arises that a general partner determines in its good faith judgment constitutes an actual or potential conflict of interest, the general partner may take such actions as may be necessary or appropriate to ameliorate such conflict (and upon taking such actions, the general partner will be relieved of any responsibility for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied its fiduciary duties related thereto to the fullest extent permitted by law). These actions may include, by way of example: (a) disposing of the security giving rise to the conflict of interest; (b) appointing an independent fiduciary to act with respect to the matter giving rise to the conflict of interest; or (c) in connection with a matter giving rise to a conflict of interest with respect to an investment, consulting with an advisory board regarding the conflict of interest and either obtaining a waiver from an advisory board of the conflict of interest or acting in a manner, or pursuant to standards or procedures, approved by an advisory board with respect to such conflict of interest.

In addition, investors should note that the Governing Documents contains provisions that, subject to applicable law, (a) reduce, modify or eliminate the duties, including fiduciary duties, that the applicable general partner would otherwise owe to a Fund and the limited partners; (b) waive duties or consent to the conduct of the general partner that might not otherwise be permitted pursuant to such duties; and (c) limit the remedies of a limited partner with respect to breaches of such duties.

Other Funds – As required under a Fund’s Governing Documents, the Principals will pursue all appropriate investment opportunities that meet the investment criteria of a given Fund principally for the benefit of such Fund. However, the Principals may manage other investment funds and investments like those in which such Fund will be investing and may direct certain relevant investment opportunities to those investment funds and investments. If other investment funds are formed, the Principals and the general partner’s investment staff will manage and monitor such investment funds and investments. The general partner believes that the significant investment of the Principals in each Fund, as well as the Principals’ interest in the carried interest, operate to

align, to some extent, the interest of the Principals with the interest of a Fund's partners, although the Principals have or may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to these interests. Such other investment funds and investments that the Principals may control or manage may compete with a given Fund or companies acquired by such Fund.

Products or Services Received by Funds from Portfolio Companies - From time to time, certain portfolio companies may provide the Adviser and its affiliates with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge.

Material Non-Public Information - From time to time, the Adviser and its personnel may come into possession of confidential or material, non-public information concerning specific companies, including because of certain personnel serving on the boards of directors of portfolio companies. Under applicable securities laws, this may limit the Adviser's flexibility to buy or sell securities issued by such companies. A Fund's investment flexibility may be constrained because of the Adviser's inability to use such information for investment purposes, and the Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken because of applicable securities laws or the Adviser's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Conflicting Limited Partner Interests - Limited partners may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. Therefore, conflicts may arise in connection with decisions regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring, and disposing of investments, the Adviser generally will consider the investment, tax and other relevant objectives of the Fund and its partners, not the investment, tax, or other objectives of any limited partner individually.

Transferees; Secondary Transactions - In certain cases, the Adviser will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it

co-invests will exit such investment at the same time or on the same terms. The Adviser and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Although the Adviser generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, the Adviser intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Item 9 – Disciplinary Information

Registered investment advisers must disclose facts about any legal or disciplinary events that would be material to a client's evaluation of the adviser's business or the integrity of the adviser's management. The Adviser has no legal or disciplinary events of any kind to report.

Item 10 – Other Financial Industry Activities and Affiliations

Neither the Adviser nor its management persons is registered as, and does not have an application pending as, a securities broker-dealer or registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of the foregoing entities.

Portfolio Company Involvement

As noted throughout this Brochure, the Adviser and its advisory affiliates or persons controlled by or under common control with the Adviser (its "related persons") are, directly or indirectly, managing members of the general partner of each of the Funds. Certain advisory personnel spend a substantial portion of their business time on one or more of the Funds as required under the terms of each Fund's Governing Documents. Principals, employees, and affiliate entities of the Adviser often become actively involved in portfolio company operations throughout the investment cycle. Please refer to Item 4 – *Advisory Business* for a discussion of this component of the Adviser's services. A related person's involvement with portfolio company operations may introduce a conflict of interest between the fiduciary duty he or she owes as a member of a portfolio company board and the fiduciary duty he or she owes to the Fund. To meet its fiduciary duty, the Adviser will take such action as may be necessary to reduce, and where possible, eliminate any such conflict of interest. Such action may include refraining from voting on certain portfolio company matters, referring conflict matters to the limited partner advisory board, or resigning its portfolio

company Board or executive position. While the risk of these conflicts cannot be eliminated, the Adviser has implemented policies and procedures to address certain of these conflict situations.

The Adviser has entered into and may enter into additional agreements, or “side letters,” with certain prospective or existing investors whereby such investors negotiate certain terms and conditions in addition to those set forth in the offering memoranda of the Funds. The modifications are solely at the discretion of the Funds and may, among other things, be based on the size of the investor's investment in the Funds or other similar commitment by an investor. The other limited partners will have no recourse against the Fund or the Adviser in the event that certain limited partners receive additional or different rights or terms as a result of such arrangements.

Industry Relationships

As with other private equity fund sponsors, the Adviser, the Principals and other employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include financial institutions, service providers and other market participants, including but not limited to managers of private funds, investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), banks, brokers, advisors, finders (including executive finders and portfolio company finders), institutional investors, family offices, co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of the Adviser, as well as certain family members or close contacts of these persons. Certain of these third parties may: (a) introduce investment opportunities to the Adviser; (b) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (c) introduce portfolio companies to potential acquisition or merger candidates; (d) facilitate the disposition of portfolio companies; or (e) provide investment banking, consulting, legal or advisory services to the Adviser, the Funds, or portfolio companies. Such third parties may also provide goods or services to or have business, personal, political, financial, or other relationships with the Principals. The Adviser may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

In addition, such third parties may invest in one or more Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to the Adviser, the Funds, and/or their portfolio companies. These relationships may influence the general partner in deciding whether to select or recommend any such third-party to perform services for a Fund or a portfolio company. The cost of any services provided by such third parties, including costs in connection with unconsummated transactions, will generally be borne directly or indirectly by a Fund or its portfolio companies, as applicable. The Chief Compliance Officer is a member of the Investment Committee, and in this capacity, is generally informed about third party engagements, which provides for the identification, mitigation, and/or disclosure of material conflicts of interest.

Item 11 – Code of Ethics

Code of Ethics and Fiduciary Duty

The Adviser has adopted a code of ethics (“Code of Ethics”) that sets forth standards of conduct that are expected of the Adviser’s employees and addresses conflicts that may arise from personal trading conducted by the Adviser’s “access persons,” as that term is defined in Rule 204A-1 under the Advisers Act. The Code of Ethics is the primary policy document of the Adviser which defines the expectation and requirement of professional and ethical conduct by all employees.

The Code of Ethics contains policies and procedures relating to: (a) standards of conduct; (b) personal securities transactions; (c) insider trading; and (d) gifts, entertainment, and political contributions. Employees must affirmatively acknowledge the terms of the Code of Ethics each year. Employees who fail to honor the Code of Ethics will be subject to disciplinary sanctions up to and including termination.

Standards of Conduct

The Adviser’s standards of conduct are designed to ensure that its clients, investors, employees and the Adviser are protected from unethical and unprofessional conduct. The Adviser has policies to, among other things:

- ◆ Govern outside business activities of employees
- ◆ Restrict employee political activity
- ◆ Protect confidential information
- ◆ Prohibit dealings with parties sanctioned by the Office of Foreign Assets Control
- ◆ Facilitate compliance with federal and state securities statutes

Personal Trading

Employees are permitted to have personal securities accounts as long as personal investing practices are consistent with fiduciary standards and regulatory requirements, and do not conflict with their duty to the Adviser and its clients. The Adviser will monitor and control personal trading through:

- ◆ Receipt and review of personal securities holdings and transactions reports
- ◆ Maintenance of a restricted list of securities in which employees may not trade or must receive pre-approval to trade
- ◆ Pre-approval of initial public offerings, limited offerings, and private placements

Insider Trading

The Adviser prohibits any employee from illegally acting on, misusing, or disclosing any material non-public information, also known as “inside information”. The Adviser monitors risks associated with inside information by:

- ◆ Providing periodic employee education and training
- ◆ Authorizing and monitoring employee service on boards of public companies
- ◆ Monitoring and restricting personal trading of employees and certain household members
- ◆ Maintaining a compliance program to monitor employee activity

Gifts, Entertainment, and Political Contributions

As a fiduciary, the Adviser strives to place client interests first and foremost. The Adviser's compliance policies and procedures are designed to ensure that the fiduciary standard of care is evident in all interactions with and on behalf of its client Funds. The Adviser's compliance policies implement internal controls which address a number of business practices including gifts, entertainment, and political contributions. These controls include:

- ◆ Requiring employees to report gifts, entertainment, and political contributions
- ◆ Limiting the dollar value of gifts and political contributions
- ◆ Monitoring entertainment activities
- ◆ Maintaining a compliance program to ensure that the Adviser is informed of employee activity not directly related to the business of the Adviser

Participation or Interest in Client Transactions

Through the limited partnership structure, the Adviser's affiliates have indirect beneficial interests in the securities owned by the Funds and will share in any profits and losses generated by Fund investments. In certain situations, related persons of the Adviser may purchase interests in the portfolio investments held by one or more Funds through the general partner established to facilitate employee compensation programs for qualified employees.

Employees may only participate in discussions or authorizations to buy or sell a Fund security if the employee's only interest in the security is: (a) held indirectly through one of the general partner entities, the Funds, a Feeder Fund, or otherwise; or (b) related to service as a director or executive of a portfolio company to facilitate the Adviser's ability to monitor Fund investments in the portfolio company. These activities are subject to the Adviser's compliance policies and Code of Ethics.

The Adviser will always endeavor to act in the best interest of the Funds; however, clients should be aware that the Adviser's and the general partner's receipt of compensation from the Funds creates a potential conflict of interest with respect to such transactions. These and other operating relationships have the potential for creating conflicts of interest. Where actual or potential conflicts of interest between the Adviser, related persons and the Funds are identified, procedures contained in the Governing Documents of the Funds may provide for submission of the proposed transaction to a limited partner advisory board for review and resolution. See Item 12 – *Brokerage Practices*, for information about how such conflicts of interest are managed. The role of a limited partner advisory board is further described in Item 13 – *Review of Accounts*.

The Adviser will provide its Code of Ethics to any client or prospective client upon request. To obtain a copy, please contact Justin Bertram at (412) 315-7783.

Item 12 – Brokerage Practices

Broker Selection and Best Execution

Typically, the purchase or sale of a security for a Fund will involve a privately negotiated transaction with the issuer, prospective seller or prospective purchaser(s) of the security, and generally will not involve the services of a traditional broker or dealer as is customary in the transaction of registered securities. The Adviser seeks to negotiate and execute transactions in compliance with the Governing Documents of the Funds, its fiduciary duty to Fund investors, and the Adviser's compliance policies and procedures.

With regard to the purchase and sale of certain portfolio companies however, it may be necessary for the Adviser to engage a broker or dealer to ensure that a transaction is closed in a manner most advantageous to the Fund. When executing portfolio transactions using brokers or dealers, the Adviser, through the general partner, seeks the best overall execution terms available to close the deal expeditiously and on terms most favorable to the Fund.

In assessing the best overall terms available for a transaction, the full range and quality of a broker or dealer's services are considered, including execution capability, experience in private equity transactions, network of contacts and relationships, research services (such as reports and analyses of markets, industries, companies, and economic trends), commission rates (or their equivalents), reputation and integrity, financial responsibility, and responsiveness. Broker or dealer arrangements are guided by contractual agreements in part to protect the integrity and confidentiality of Fund investment activity and to seek assurances as to the proper qualifications of such brokers or dealers.

Co-Investments

The Adviser may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by the Adviser. Conflicts of interest may arise in the allocation of such co-investment opportunities. Such allocation, which may be made to one or more persons for any number of reasons as determined by the Adviser, may not be in the best interests of a Fund or any individual limited partner. In exercising its discretion to allocate co-investment opportunities, the Adviser may consider some or all of a wide range of factors, which may include: the ability of a person to react promptly to co-invest opportunities; any strategic advantages that may result from a person's participation in a co-investment opportunity; a person's commitment to a Fund and/or one or more other funds managed by the Adviser and its affiliates; and/or the likelihood that a person may invest in a future fund sponsored by the Adviser.

The Adviser may also, in its sole discretion, charge a Management Fee and obtain a "carried interest" in the co-investment. Since co-investments are not made through a Fund, any compensation received in connection with a co-investment does not arise out of the investment activities of a Fund or actions taken directly or indirectly by the Adviser on behalf of a Fund and, therefore, none of these fees or other co-investor-related compensation reduce the Management Fee paid by a Fund. If a co-investment vehicle is formed, the entity bears expenses related to its

formation and operation, many of which are similar in nature to those borne by a Fund. If a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket and/or break-up fees, costs and expenses relating to such unconsummated transaction will be borne by the Fund, and not by any prospective co-investors, that were to have participated in such transaction.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the Adviser or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

Co-investments with third parties through partnerships, joint ventures or other entities or arrangements may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, may have financial difficulties (which may increase the possibility of default), or may be in a position to take (or block) action contrary to the investment objectives of the Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. In those circumstances where third parties involve a management group, they may receive compensation arrangements relating to such co-investments, including incentive compensation arrangements.

Allocation and Aggregation of Transactions

The Adviser follows an allocation and aggregation policy under which the Adviser and affiliate entities may allocate and aggregate transactions on a fair and equitable basis, consistent with Governing Documents of the Funds and the Adviser's fiduciary duty. Aggregated portfolio investments are generally allocated among a participating Fund and other co-investment vehicles on a *pro rata* basis, with exceptions based on applicable investment objectives, strategies and other guidelines. When the investment period of a Fund has expired, with the exception of certain follow-on investments to existing portfolio company positions and investments committed to prior to the end of the investment period, a Fund will generally not engage in new acquisition transactions. The Adviser's investment discretion to allocate investment opportunities is exercised according to the Governing Documents of applicable Funds.

The Adviser directs the allocation of capital commitments for all Funds pursuant to its allocation and aggregation policy, under which it considers certain criteria, including, among others: (a) Fund objectives; (b) Fund size and available investment capital; (c) Fund diversification guidelines; (d) size and scope of the investment opportunity; and (e) current and anticipated market conditions. If an investment opportunity is suitable for more than one Fund, the Adviser and its affiliate entities will allocate the investment opportunity between the Funds in a manner that, over time, is fair and

equitable to each Fund, considering all relevant facts and circumstances. The limited partner advisory boards, appointed by the general partners of the Funds, may assist in this process. A Fund will generally not allocate more than 20-25% of capital commitments to a single portfolio company.

Conflicts of Interest - Allocation of Investment Opportunities

The Adviser generally may allocate investment opportunities among multiple Funds that are actively seeking investments. A conflict of interest may arise relative to the allocation of investment opportunities under these conditions. For example, if a successor Fund is considering a portfolio company investment during the investment period of a predecessor Fund, or if an investment is to be made by a successor Fund in a security that constitutes a follow-on investment for the predecessor Fund, a conflict of interest may arise. A conflict may also arise when different Funds with different investment objectives have common investment interests in a particular prospective portfolio company or group of companies. Authorization of the limited partner advisory board(s) may be required to determine the fair allocation between participating Funds.

The Adviser has adopted portfolio investment allocation policies designed to ensure that all clients are treated fairly and equitably.

Portfolio Valuation

Fund portfolio valuation represents a conflict of interest for investment advisers. The exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, as fees and carried interest in certain Funds are calculated based, in part, on these valuations and such valuations affect performance return calculations. Valuations are inherently subjective as there is no public exchange for a Fund's underlying assets or for the trading of limited partnership interests in the Funds themselves. The process of valuing assets for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such assets and may differ from the prices at which such assets may ultimately be sold. The Adviser cannot fully mitigate the conflicts and risks inherent in the valuation process, but manages these conflicts and risks through its investment process and compliance program.

In the absence of a perpetual market for such interests, the Adviser determines a value for each underlying portfolio company based on the periodic application of its internal valuation policies and methodologies. As a fiduciary to the Funds and investors, the Adviser has adopted formal valuation policies and procedures designed such that portfolio holdings reflect current, fair and accurate asset valuations. Valuation policy attributes include, but are not limited to: (a) detailed written procedures; (b) quarterly reviews of Fund portfolio valuations carried out by the Adviser's Valuation Committee; (c) limited partner advisory board participation in valuation processes as may be required by a Fund's Governing Documents; (d) annual valuation policy review and annual affirmation by all employees involved in the valuation process; and (e) external auditor review of written valuation policies and records prior to issuance of annual Fund financial statements.

Cross Transactions

The Adviser and its affiliate entities do not generally engage in cross transactions where a portfolio holding is transferred between Funds or co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. If it becomes necessary in the future to engage in cross transactions, the Adviser intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Approval may be granted provided the transfer is consistent with the Adviser's fiduciary obligations to each Fund sharing in the cross transaction, applicable Fund Governing Documents, and relevant securities statutes, including the Advisers Act.

Directed Brokerage and Soft Dollars

The Adviser does not permit the direction of any Fund transactions to any broker by an investor and does not engage in soft dollar arrangements. Soft dollar arrangements are a means of paying brokerage firms for their services through commission revenue rather than by direct hard dollar payments. However, the Adviser may receive general unsolicited research from certain brokers or investment banks specializing in private equity investments. The Adviser has no contractual obligation to compensate or do business with these research providers.

Item 13 – Review of Accounts

Review of Fund Portfolios

All investments are carefully reviewed and approved by the Fund's Investment Committee as described in applicable Governing Fund Documents. The Investment Committee must reach a unanimous decision prior to committing Fund capital or exiting a Fund investment. The Adviser's investment professionals actively monitor and review each Fund's investment portfolio on a continuous basis. The investment team includes the Principals and other investment professionals of the Adviser and its affiliate entities. Investments are reviewed in light of each Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Fund. During the review process, investment professionals analyze existing portfolio company positions to identify issues early on, take any necessary actions, and monitor portfolio company performance relative to the original investment thesis.

Fund investments are private, illiquid and long term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. The Adviser's investment professionals meet regularly to review ongoing monitoring activities and to evaluate potential new

platform investments and add-on acquisitions. Members of the Investment Committee also meet once per quarter to review and approve quarterly carrying values of each Fund's respective investments.

Limited Partner Advisory Board

From time to time, a limited partner advisory board for a Fund will participate in the review process. The advisory board is comprised of representatives of the limited partners who are appointed by the general partner to engage in certain activities as specified in the Governing Documents of each Fund, which may include: (a) review and approve/disapprove potential or actual conflicts of interest; (b) review annual valuations of investments by the general partner; (c) consent on behalf of the limited partners to certain actions requiring their approval under the Advisers Act; and (d) consider such other matters as may be provided by the partnership agreement or determined by the general partner to be considered by the advisory board. Pursuant to the terms of the Governing Documents, all limited partners are bound by the determinations of the advisory board, regardless of whether a limited partner is represented by a member of the advisory board. The general partner retains ultimate responsibility for all decisions relating to the operation and management of the applicable Fund.

A Fund's advisory board may not have the same interests as all limited partners. No advisory board member owes any fiduciary duties to the Fund or any other partner. Members of the advisory board may have various business and other relationships with the Adviser and its members, partners, managers, directors, officers, employees, and affiliates. These relationships may influence their decisions as members of the advisory board. If a limited partner is not represented by a member of the advisory board, such limited partner will have no influence over matters submitted to the advisory board for review or approval. Furthermore, the Fund's advisory board members cannot be expected to be expert in investing, and certain of its determinations may, in fact, adversely affect the performance of the Fund. A Fund will also indemnify members of its advisory board for any losses or damages incurred in connection with serving on the advisory board so long as such losses or damages did not result from such member's fraud.

Reports to Investors

The general partner provides periodic financial reports and a summary of investments for Fund investors to monitor their investments. The Adviser distributes written reports to investors as required by the Governing Documents of each Fund. Written reports convey to Fund investors, at a minimum: (a) audited financial statements and other information on an annual basis in accordance with generally accepted accounting principles (within 120 days after a Fund's fiscal year end as required by the custody rule or alternatively, within 90 days after a Fund's fiscal year end for certain funds per Governing Document requirements); (b) unaudited summary financial and other information on a quarterly basis; (c) annual tax information necessary for each partner's U.S. tax returns; and (d) quarterly descriptive investment information for each portfolio company.

Fund investors are also invited to attend an annual meeting during which general information is provided.

Item 14 – Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

The Adviser, either directly or indirectly through its affiliates acting as general partners to the Funds, will receive compensation from certain portfolio companies in connection with consulting services provided to such companies in the ordinary course of business. The Adviser and its affiliate entities may also receive fees and other compensation, such as breakup fees, from transactions not consummated by a Fund in connection with the Fund's proposed investment in such transactions. As described more fully in the Fund's Governing Documents, such fees and other compensation will be shared, in part or in whole, with the limited partner investors through reductions or off-sets against Management Fees that would otherwise be payable by them.

Placement Agents

From time to time, the Adviser engages an unaffiliated placement agent. A legal agreement between parties is executed to guide the terms of engagement which include among other requirements that the placement agent abide by federal securities statutes in discharging activities on behalf of the Adviser. In accordance with the terms of the relevant Fund's Governing Documents, any such placement agent fees will ultimately be payable by the Adviser and/or its affiliated entities, either directly or through an offset of the Management Fee payable by the relevant Fund to the Adviser. A Fund investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Funds are suitable to the prospective investor's needs. To address this potential conflict of interest, all referred investors are carefully screened by the Adviser or its affiliates to ensure that the particular Fund is suitable to the prospective investor's investment needs, objectives and risk tolerance before any subscription is accepted.

Item 15 – Custody

Custody occurs when the Adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. The Adviser is deemed to have custody of the assets of the Funds within the meaning of the Advisers Act due to its affiliation with the general partner of each Fund. The Funds advised by the Adviser are privately offered limited partnerships and are subject to an annual audit by a Public Company Accounting Oversight Board ("PCAOB") registered and inspected independent accounting firm in accordance with Rule 206(4)-2 under the Advisers Act. The audited financial statements of each Fund are prepared in accordance with generally accepted accounting principles ("GAAP") and distributed to Fund investors within 120 days of the Fund's fiscal year end as required by the custody rule or alternatively, within 90 days

of the Fund's fiscal year end for certain funds per Governing Document requirements. Investors should review these audited financial statements carefully.

Any Alternative Investment Vehicle ("AIV") formed to facilitate a portfolio investment in a Fund for special tax or regulatory reasons is also subject to an annual audit by a PCAOB registered and inspected independent accounting firm in accordance with the Advisers Act. Upon the final liquidation of a Fund, the Adviser will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all investors promptly after completion of the audit.

Item 16 – Investment Discretion

As discussed in Item 4 – *Advisory Business*, the Adviser provides investment advisory services to each Fund on a discretionary basis but is subject to the overall supervision of the general partner of each Fund. The limitations on the Adviser's investment discretion are established through negotiations with the investors in each Fund and/or its general partner. These limitations, which are negotiated on a case-by-case basis and will vary from time to time, are incorporated into each Fund's Governing Documents, which include the applicable management agreement with the Adviser. In the case of Funds whose investment periods have closed, the Adviser's investment discretion will be limited to certain follow-on investments and the liquidation of existing portfolio company positions.

Item 17 – Voting Client Securities

The Adviser may vote proxies (or similar instruments) for a Fund if required under the management agreement with the general partner of such Fund. In accordance with Advisers Act requirements, the Adviser has adopted proxy policies to address voting requirements, if any, for Fund portfolio investments. Proxy policies seek to ensure that the Adviser votes proxies in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies.

It is important to note that the Adviser or general partner will typically name one or more affiliated persons to serve on the board of directors of portfolio companies. As such, a conflict of interest could arise when voting certain common proxies, including board composition, tenure or compensation.

The Adviser believes its interests are aligned with Fund investors through the general partner's ownership interests in the Fund and therefore does not generally seek investor approval or direction when voting proxies. If, however, there is or may be a conflict of interest between the general partner and the Fund in voting proxies, the Adviser may address the conflict using several alternatives, to include seeking counsel of the respective limited partner advisory board on the proposed proxy vote or through alternatives set forth in proxy policies.

The Adviser's proxy policies are designed to ensure that any material conflict of interest is identified for a particular proxy vote and the vote is not improperly influenced by the conflict. If you are an investor and would like to obtain a copy of the Adviser's proxy voting policies or

additional information about how proxies have been voted, please contact Justin Bertram at (412) 315-7783.

Item 18 – Financial Information

The Adviser does not solicit fees six months or more in advance. The Adviser and its affiliate entities have no financial obligation that impairs their capacity to meet contractual and fiduciary commitments to clients, nor has the Adviser or its affiliate entities been the subject of a bankruptcy proceeding.



INCLINE
EQUITY PARTNERS

ADV Part 2B Brochure Supplements

Incline Equity Partners
625 Liberty Avenue
EQT Plaza – Suite 2300
Pittsburgh, PA 15222
412-315-7800
www.inclineequity.com

March 27, 2018

Brochure Supplements provide information about certain advisory personnel of Incline Equity Partners (“the Adviser”). This information supplements the Adviser’s Brochure outlined above. Please contact Justin Bertram, Chief Compliance Officer, at (412) 315-7783 if you did not receive the Brochure or if you have any questions about the contents of these supplements.

John (“Jack”) Carl Glover

Co-Founder and Partner
Incline Equity Partners
625 Liberty Avenue
EQT Plaza – Suite 2300
Pittsburgh, PA 15222
(412) 315-7781
jack.glover@inclineequity.com

This Brochure Supplement provides information about John Carl Glover that supplements the Incline Equity Partners Brochure. You should have received a copy of that Brochure. Please contact Justin Bertram at (412) 315-7783 if you did not receive the Brochure or if you have any questions about the contents of this supplement. Additional information about Incline Equity Partners is available on the SEC’s website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

- ◆ Year of Birth 1966
- ◆ Duquesne University -- B.S.B.A. 1988
- ◆ University of Chicago -- M.B.A. 1994
- ◆ PNC Equity Management Corp., Partner and Senior Vice President -- 08/96 to 09/11
- ◆ Incline Equity Partners, Co-Founder and Partner -- 10/11 to Present

Disciplinary Information

There are no legal or disciplinary events to disclose for Mr. Glover.

Other Business Activities

Mr. Glover is not engaged in any investment-related business outside of his role with the Adviser and its affiliate entities.

Additional Compensation

Mr. Glover does not receive any additional compensation to be disclosed.

Supervision

Mr. Glover sources, negotiates, structures, and manages investments made pursuant to the investment strategy of the Adviser’s pooled investment vehicles. As a voting member of the Investment Committee, Mr. Glover retains decision-making authority, along with fellow principals of the Adviser, for selection and disposition of investments for the Adviser’s pooled investment vehicles. Mr. Glover is not subject to the direct supervision of any other individual although Justin Bertram (412-315-7783), Chief Compliance Officer for the Adviser, oversees his compliance with advisory policies and procedures.

Justin Leslie Bertram

Co-Founder and Partner
Incline Equity Partners
625 Liberty Avenue
EQT Plaza – Suite 2300
Pittsburgh, PA 15222
(412) 315-7783
justin.bertram@inclineequity.com

This Brochure Supplement provides information about Justin Leslie Bertram that supplements the Incline Equity Partners Brochure. You should have received a copy of that Brochure. Please contact Justin Bertram at 412-315-7783 if you did not receive the Brochure or if you have any questions about the contents of this supplement. Additional information about Incline Equity Partners is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

- ◆ Year of Birth 1972
- ◆ Allegheny College -- B.S. 1995
- ◆ Columbia University -- B.S. 1996
- ◆ Carnegie Mellon -- M.B.A. 2005
- ◆ PNC Equity Management Corp., Managing Director -- 07/98 to 09/11
- ◆ Incline Equity Partners, Co-Founder and Partner -- 10/11 to Present
- ◆ Incline Equity Partners, Chief Compliance Officer -- 12/17 to Present

Disciplinary Information

There are no legal or disciplinary events to disclose for Mr. Bertram.

Other Business Activities

Mr. Bertram is not engaged in any investment-related business outside of his role with the Adviser and its affiliate entities.

Additional Compensation

Mr. Bertram does not receive any additional compensation to be disclosed.

Supervision

Mr. Bertram sources, negotiates, structures, and manages investments made pursuant to the investment strategy of the Adviser's pooled investment vehicles. As a voting member of the Investment Committee, Mr. Bertram retains decision-making authority, along with fellow principals of the Adviser, for selection and disposition of investments for the Adviser's pooled investment vehicles. Mr. Bertram also serves as the Adviser's Chief Compliance Officer. Mr. Bertram is not subject to the direct supervision of any other individual although Deanna Barry (412-315-7788), Chief Financial Officer of the Adviser, is designated to oversee his compliance with advisory policies and procedures.

Leon Michael Rubinov

Partner

Incline Equity Partners

625 Liberty Avenue

EQT Plaza – Suite 2300

Pittsburgh, PA 15222

(412) 315-7787

leon.rubinov@inclineequity.com

This Brochure Supplement provides information about Leon Michael Rubinov that supplements the Incline Equity Partners Brochure. You should have received a copy of that Brochure. Please contact Justin Bertram at 412-315-7783 if you did not receive the Brochure or if you have any questions about the contents of this supplement. Additional information about Incline Equity Partners is available on the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

- ◆ Year of Birth 1975
- ◆ Georgetown University -- B.S. 1998
- ◆ Northwestern University -- J.D./M.B.A. 2005
- ◆ The Boston Consulting Group, Project Leader -- 9/05 to 5/08
- ◆ Sterling Partners, Vice President -- 5/08 to 5/11
- ◆ Incline Equity Partners, Principal -- 5/11 to 6/16
- ◆ Incline Equity Partners, Partner -- 6/16 to Present

Disciplinary Information

There are no legal or disciplinary events to disclose for Mr. Rubinov.

Other Business Activities

Mr. Rubinov is not engaged in any investment-related business outside of his role with the Adviser and its affiliate entities.

Additional Compensation

Mr. Rubinov does not receive any additional compensation to be disclosed.

Supervision

Mr. Rubinov sources, negotiates, structures, and manages investments made pursuant to the investment strategy of the Adviser's pooled investment vehicles. As a voting member of the Investment Committee, Mr. Rubinov retains decision-making authority, along with fellow principals of the Adviser, for selection and disposition of investments for the Adviser's pooled investment vehicles. Mr. Rubinov is not subject to the direct supervision of any other individual although Justin Bertram (412-315-7783), Chief Compliance Officer for the Adviser, oversees his compliance with advisory policies and procedures.