

Item 1 – Cover Page

Form ADV Parts 2A and B: FIRM BROCHURE



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This Brochure provides information about the qualifications and business practices of CapitalWorks, LLC (“CapitalWorks” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Mikel Harding, the Chief Compliance Officer, Chief Financial Officer and a Managing Director, at (216) 781-3233 or mharding@capitalworks.net. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

CapitalWorks is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about the Firm also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There have been no material changes from CapitalWorks' last brochure (the "Brochure") filed on March 31, 2017.

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Item 4 – Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

CapitalWorks, LLC (“CapitalWorks” or the “Firm”), founded in 1999, is a Midwestern and family-focused private equity firm based in Cleveland, Ohio that encourages knowledgeable investors to partner with the Firm in finding, vetting and owning companies. CapitalWorks acquires lower middle-market companies east of the Rockies and gives them the capital, support and freedom to grow. Sources for acquisitions include privately held businesses, private equity firms and larger private and public companies divesting a noncore business.

CapitalWorks’ clients include the following private funds as well as various co-investment vehicles and holding companies (collectively referred to throughout this brochure as “Funds”): CapitalWorks AHS Investors, LLC (“AHS Co-Investment Fund”); Short Vincent Partners II, L.P. (“Fund II”); Short Vincent Partners III, L.P. and Short Vincent Partners III(A), L.P. (collectively “Fund III”); and CapitalWorks Fund IV, L.P. (“Fund IV”). For more information about the CapitalWorks Funds, please see the Firm’s Form ADV Part 1, Schedule D, Section 7.B.(1) Private Fund Reporting.

The following general partners are affiliated with CapitalWorks and are deemed to be relying advisers with authority to make investment decision on behalf of each Fund: CapitalWorks SVP II, LLC (the General Partner of AHS Co-Investment Fund and Fund II); CapitalWorks SVP III, LLC (the General Partner of Fund III); and CapitalWorks IV GP, LLC (the General Partner of Fund IV) (collectively, the “General Partners”). These General Partners are registered under the Investment Advisers Act of 1940, as amended (“Advisers Act”), pursuant to CapitalWorks’ registration in accordance with SEC guidance. While the General Partners maintain ultimate authority over the respective Funds, CapitalWorks has been delegated the role of investment adviser.

Principal Owners/Ownership Structure

CapitalWorks is wholly owned by Richard R. Hollington III, Chief Executive Officer, President and a Managing Director of CapitalWorks. For more information about CapitalWorks’ owner and executive officers, see the Firm’s Form ADV Part 1, Schedule A.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

CapitalWorks provides investment advisory services as a private equity fund manager to its Funds. Interests in the Funds are privately offered to qualified investors in the United States and elsewhere.

The Funds invest through privately negotiated transactions in operating companies. CapitalWorks' investment advisory services to the Funds consist of identifying and focusing a value-oriented approach that is research and due diligence intensive and emphasizes preservation of capital and return on investment. Investments are made predominantly in small, middle-market companies. When such investments consist of portfolio companies, the senior principals or other personnel appointed by CapitalWorks will generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

CapitalWorks does not tailor its advisory services to the individual needs of investors in its Funds; CapitalWorks' investment advice and authority for each Fund are tailored to the investment objectives of that Fund. These objectives are described in the private placement memorandum, limited partnership agreement, investment advisory agreement and other governing documents of the relevant Fund (collectively, "Governing Documents"). The Firm does not seek or require investor approval regarding each investment.

Fund investors cannot impose restrictions on investing in certain securities or types of securities. Investors participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable partnership agreement. CapitalWorks has entered into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund's Governing Documents. Once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

CapitalWorks does not participate in wrap fee programs.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.

As of December 31, 2017, CapitalWorks managed approximately \$200,166,865 in regulatory assets on a discretionary basis. CapitalWorks does not manage any assets on a non-discretionary basis.

Item 5 – Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

CapitalWorks or an affiliate receives a management fee and its affiliated General Partners are allocated carried interest as compensation for providing investment advisory services to the Funds. The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. In addition, the General Partner of each relevant Fund may, in its sole discretion, waive or reduce an investor's management or performance fee. Fees may differ from one Fund to another, as well as among investors in the same Fund. The General Partners or other CapitalWorks entities or affiliates may receive additional compensation in connection with management and other services performed for portfolio companies of the Funds, as described more fully in Item 5.C below. Such additional compensation over certain levels generally will reduce in whole or in part the management fees otherwise payable to CapitalWorks. Investors in the Funds also bear certain fund expenses, as described in Item 5.C below. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how CapitalWorks is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents. Each Fund's Governing Documents describe fees, compensation and expenses in greater detail.

Management Fees

CapitalWorks charges most Funds a management fee (the "Management Fee"), generally 2% per annum; however, Fund II charges a Management Fee of 2.5% per annum and AHS Co-Investment Fund does not charge a Management Fee. The Management Fee charged to each Fund is specified in the Governing Documents of each Fund. All Management Fees were negotiated with the Fund's investors during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. Generally, Management Fees are initially calculated based upon each investor's committed capital for the period of time during which each Fund is making investments; thereafter, the Management Fee will be equal to a percentage of each investor's invested capital, subject to other factors, and depending on the Fund, is subject to an annual minimum fee.

The General Partners may, in their sole discretion, waive all or a portion of the Management Fee. Management Fees differ from one Fund to another, as well as among investors in the same Fund. Such differences can arise from the size of an investor's commitment to a Fund, different investor classes, provisions of side letter agreements or other negotiated terms. Fees are generally waived for CapitalWorks employees, affiliates and their families investing in a Fund.

For more specific information on the Management Fees for each Fund, please refer to the relevant Fund's Governing Documents.

Carried Interest

As described in Item 6 below, each Fund's General Partner generally is entitled to be allocated carried interest ("Carried Interest") with respect to the Funds, which is typically equal to 20% of all realized profits in excess of an 7.5% cumulative non-compounded preferred return (8% for Fund IV). Each Fund's Carried Interest arrangement may differ, and each calculation is further described in the relevant Fund's Governing Documents.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Management Fees are generally paid semi-annually, up to five months in advance, as specified in more detail in the Governing Documents of each Fund. Management Fees and other fees are paid either as a result of a capital call notice to investors or deducted from distributions to investors.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

Fund Expenses

The Funds will be responsible for the payment of all expenses whatsoever arising in connection with the formation, business, affairs, operations, liquidation and winding-up of the Funds and any alternative investment vehicles formed to carry out its investment program, except only those specific expenses which are defined as Management Expenses, including, but not limited to, wages, salaries and benefits of employees of the General Partners or the Firm, and associated payroll taxes; expenses for office rent, supplies, telecommunications and other office overhead of the General Partners and the Firm; expenses for research, due diligence and travel incurred in connection with identifying investment opportunities; expenses for accounting, bookkeeping and tax-return preparation; legal, accounting and regulatory compliance expenses; and placement fees, which are borne by the General Partner or the Firm in accordance with the Governing Documents of each Fund.

The expenses which a Fund is required to bear (collectively, "Fund Expenses") include, among others, expenses incurred for the following (which differs across Funds): (i) structuring, research, due-diligence, travel and meals, and other activities undertaken to plan, negotiate, document or consummate potential investment acquisition and disposition transactions of the Fund or portfolio companies, including add-on acquisitions, or potential financing transactions for such transactions, without regard to whether any such transaction is ultimately consummated; (ii) governance (including any amendments to the relevant partnership agreement), the maintenance of the existence, and the dissolution, liquidation and winding-up of the Fund and alternative investment vehicles; (iii) fees and expenses of advisory board members; (iv) meetings of investors; (v) monitoring portfolio companies,

as elaborated below; (vi) taxes levied on the Fund, and tax audits of the Fund; (vii) keeping and auditing the financial books and financial statements of the Fund and alternative investment vehicles and preparing and filing tax returns and Schedules K-1 of the Fund and alternative investment vehicles; (viii) banking and depositary fees, and interest and fees on money borrowed by the Fund or alternative investment vehicles or borrowed on their behalf by the relevant General Partner, the Firm or any of their affiliates; (ix) premiums of insurance covering the Fund, and premiums of fiduciary liability insurance, professional liability insurance and surety bonding with respect to persons whom the Fund is required or permitted to indemnify pursuant to the relevant partnership agreement; (x) liability for indemnification of the relevant General Partner, the Firm, the advisory board and others under the relevant partnership agreement or under any other agreement by which the Fund or an alternative investment vehicle is bound, and liability for judgments and settlements in connection with actual or potential litigation, investigations, audits and other proceedings involving the Fund; (xi) extraordinary expenses or liabilities relating to the affairs of the Fund, including the costs of any indemnity or contribution right granted to any placement agent or third party finder; (xii) complying with provisions in side letter agreements entered into with investors in parallel funds, including any so-called “most favored nation” provisions; (xiii) compliance by the Fund and alternative investment vehicles with any and all laws applicable to them and their activities; (xiv) compliance by any person, including the relevant General Partner and the Firm, with all laws directly related to the making, financing, holding or disposing of investments by the Fund; (xv) Management Fees; (xvi) expenses defined in the relevant partnership agreement as “Broken Deal Expenses”; (xvii) expenses defined in the relevant partnership agreement as “Organizational Expenses” as elaborated below; and (xviii) fees of attorneys, accountants, investment bankers, brokers, custodians, depositaries, consultants, experts and appraisers incurred in connection with any of the foregoing. For more information about brokerage fees, if any, please see Item 12.

Fund Expenses do not include any expense to the extent that it has been paid or reimbursed to the Funds by a portfolio company, a prospective portfolio company or other third party. For example, each portfolio company typically pays for or reimburses the Firm for the travel of CapitalWorks employees and advisory board members to visit such portfolio company. Fund Expenses will be paid out of current income and/or investment proceeds of the Funds and, to the extent necessary, from drawdowns that reduce unfunded commitments.

If any person, including a General Partner or the Firm, pays or advances any Fund Expenses, such person will be entitled to reimbursement from the relevant Fund upon presentation of appropriate documentation of such expense.

Organizational Expenses

Each Fund will bear, as part of the Fund expenses, its pro rata share of all expenses incurred in connection with the organization, funding and start-up of the Fund(collectively, “Organizational Expenses”). Each Fund’s Organizational Expenses are detailed in the Governing Documents of such Fund. Funds I, II and III will bear Organizational Expenses up to an amount not to exceed \$100,000,

\$250,000 and \$350,000, respectively. If any parallel funds or parallel fund general partners are formed, each of the Fund and such parallel funds will bear a portion of the Organizational Expenses, which will be allocated among them pro rata on the basis of aggregate capital commitments made to each of them, respectively, by their respective investors.

Portfolio Company Remuneration

CapitalWorks may provide management consulting, monitoring and financial advisory services to its portfolio companies, the amount of which are paid by the portfolio companies (indirectly by the Fund) and are determined by CapitalWorks on a transaction by transaction basis, subject to the terms set forth in each Fund's Governing Documents. These agreements will generally require a portfolio company to pay: (i) a transaction fee paid at the time the portfolio company is acquired; (ii) an annual fee paid throughout the period of ownership for ongoing services; and (iii) fees for assistance with certain projects including add-on acquisitions, recapitalizations, sales of divisions or interim management services. The Firm evaluates the specific circumstances of each portfolio company when establishing the amount of fees that are charged, including the sophistication of management and their financial reporting capabilities; the size and complexity of the business; the travel time to the company; the number, roles and compensation of the portfolio company's advisory board members; the effort required to complete project work; other advisors being compensated to complete certain transactions; and the ability of the portfolio company to support fees based on its level of EBITDA. Such agreements generally will provide that the annual fee is payable to CapitalWorks in quarterly installments in advance, and that when the Fund disposes of its investment in the portfolio company, the portfolio company will pay the fee that would accrue for the six-month period following such disposition to cover post-closing work.

All fees earned under such agreements offset the management fees payable by the Fund to CapitalWorks, subject to an annual threshold as set forth in the relevant Fund's Governing Documents. Such agreements also require the portfolio company to reimburse CapitalWorks for reasonable out-of-pocket expenses incurred in connection with the Fund's investment in the portfolio company. Each portfolio company typically pays for or reimburses the Firm for the travel of CapitalWorks employees and advisory board members to visit such portfolio company. However, any reimbursement by a portfolio company of out-of-pocket expenses incurred by CapitalWorks, a General Partner or industry council member (which are discussed in the section below) will not be offset against the Management Fee payable by the Funds.

From time to time, CapitalWorks may (in its sole discretion), agree to pay a transaction fee, portion of carried interest or other fee received from an actual or prospective portfolio company to a third party, such as an industry council member, consultant, adviser, finder, broker and/or investment bank. In such event, the third party fee is not a fee that CapitalWorks is entitled to retain and, therefore, CapitalWorks is not required under the terms of the applicable organizational documents to share such third party fees with a Fund.

Industry Council Members

CapitalWorks has organized a group of investors as industry council members who are not employees of the Firm and who receive deal summaries of investment opportunities which the Firm would like to pursue. CapitalWorks utilizes its industry council members and other trusted individuals with expertise relevant to the targeted industry in CapitalWorks' evaluation of the company. Often these individuals will join CapitalWorks during management meeting visits and company tours. These value-added partners may subsequently serve on the advisory boards of portfolio companies, perform services rendered with respect to financial, operational, management, technology, accounting, tax, legal, human resources or similar matters, or both. These may include services to support any portfolio company's management and executive team, supply chain, revenue and margin management, finance improvements, human capital recruitment and management, information technology, corporate communications, customer service and product development and other similar operational matters. The nature of the relationship with each of the industry council members and the amount of time devoted or required to be devoted by them varies considerably. There can be no assurance that any of the industry council members will continue to serve in such role and/or continue their arrangement with CapitalWorks and/or any portfolio company throughout the terms of the Funds. Compensation for such services generally will be determined by the portfolio company's board, a majority of whose membership (except in the case of non-controlling investments) will be determined by the relevant General Partner, and may include board service fees, profits or equity interests in a portfolio company, or other incentive-based compensation to the service provider. Such compensation will generally be payable by portfolio companies and not by CapitalWorks out of its Management Fees received from the relevant Fund; such compensation will not offset Management Fees. Industry council members are reimbursed for any direct expenses incurred during the evaluation and due diligence process but are generally not compensated for their assistance. Additionally, industry council members may have opportunities to make direct investments in the portfolio companies.

Co-Investment Opportunities/Unpromoted Side Funds

Co-investors will not be required to bear any of the Fund's broken-deal expenses. Any co-investment may, if the General Partner so requires, be made through an investment partnership or other pooled investment vehicle formed to facilitate such co-investment and managed by the relevant General Partner or its affiliates (an "Unpromoted Side Fund"), but none of the General Partners or their affiliates may receive any Carried Interest, Management Fee or other similar compensation in connection with forming or managing any Unpromoted Side Fund. Additionally, any Unpromoted Side Fund will be responsible for its own operating expenses (such as tax return preparation fees) and for its share of expenses associated with its investments (such as legal and accounting fees).

Other Expenses

From time to time, employees of CapitalWorks may be seconded to fill vacant positions at portfolio companies provided that such employees costs are no greater than what would have been paid to such employees in arm's length transactions for similar overall services, as determined by the relevant Fund

General Partner in good faith. These amounts will be paid by the applicable portfolio company and such amounts will not offset the Management Fee payable to CapitalWorks.

Allocation of Fees and Expenses

CapitalWorks will allocate fees and expenses to be borne by the Funds and other investors (including expenses incurred in connection with transactions that are not consummated) in accordance with the Fund's Governing Documents or, to the extent the Governing Documents do not expressly provide for a method of allocation, as determined by CapitalWorks in good faith and in its fair and reasonable discretion in accordance with its internal policies and procedures.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

CapitalWorks Funds pays Management Fees semi-annually, in advance. The Funds are closed-ended investment vehicles intended for long-term investment. Accordingly, Management Fees are expected to be paid, except as otherwise described in the relevant Governing Documents, and investors generally are not permitted to withdraw or redeem interests in the Funds.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

Neither CapitalWorks nor any of its supervised persons accepts compensation for the sale of securities or other products, other than as described in Item 6 below.

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

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

A Carried Interest allocation represents an adviser's compensation based on a percentage of net profits of the Funds it manages. As described above in Item 5, each General Partner receives a Carried Interest allocation equal to 20% of all realized profits subject to a 7.5% (8% for Fund IV) cumulative

non-compounded preferred return (or hurdle) and subject to reimbursement of all relevant Fund expenses, including Management Fees. Each Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund Governing Documents. The Carried Interest allocated to a General Partner is subject to a potential giveback if the respective General Partner has received excess cumulative distributions.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund may, in its sole discretion, waive or reduce the amount of Carried Interest for an investor in a Fund. Specifically, if principals and employees, and their respective family and friends are Fund investors, they will generally pay reduced Carried Interest or none at all. As described in Item 5, none of the General Partners or their affiliates may receive any carried interest, management fee or other similar compensation in connection with forming or managing any Unpromoted Side Fund. Further, investors in the AHS Co-Investment Fund do not pay a Carried Interest allocation.

The fact that each General Partner's Carried Interest allocations are based on the performance of each Fund may create an incentive for CapitalWorks to make investments that are more speculative than would be the case in the absence of such distributions. This incentive is mitigated, however, due to the fact that any losses the Funds sustain will reduce each General Partner's Carried Interest distribution and the fact that Carried Interest is generally calculated only after investors have received as distributions 100% of their capital contributions plus a preferred return.

Item 7 – Types of Clients

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

CapitalWorks provides investment advice to the Funds. The Funds limits its investors to persons who meet certain suitability and net worth qualifications prior to making an investment in the Funds. The Funds are not registered or required to be registered under the Investment Company Act of 1940, and its securities are not registered or required to be registered under the Securities Act and are privately placed to qualified investors in the United States and elsewhere.

The investors participating in the Funds include individuals, other investment entities, university endowments, 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 CapitalWorks and its affiliates and members of their families, industry council members or other service providers retained by CapitalWorks.

The Funds typically require capital commitments from each investor of at least \$1 million, although commitments of less than \$1 million may be accepted in the sole discretion of the applicable Fund's General Partner.

CapitalWorks also may serve as the manager for co-investment vehicles that may invest in certain Fund portfolio companies, and may serve as investment manager for other investors in certain Fund portfolio companies. CapitalWorks will select the investors that are permitted to co-invest in a particular portfolio company in its sole discretion based on various factors, including those detailed in its Governing Documents and that may be outlined in its internal policies and procedures. Certain factors may include, but are not limited to: the ability of an investor to react promptly to a co-investment opportunity; any strategic advantages to the Fund that may result from an investor's participation in a co-investment opportunity, the size of an investor's commitment, the number of Funds to which an investor commits or the likelihood such investor may invest in a future fund sponsored by a General Partner.

The allocation of co-investment opportunities could be made to one or more persons or entities (including, but not limited to, certain investors) for any number of reasons, which may not be in the best interests of a Fund or any individual investor. Generally, subject to any contractual requirements (which do not include non-binding acknowledgements of interest in co-investment opportunities): (a) no investor will have a right to participate in any co-investment opportunity; (b) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the relevant General Partner; (c) co-investment opportunities may be offered to some (and not other) investors, in the sole discretion of the relevant General Partner, and are not required to be allocated on a pro rata basis; and (d) certain persons or entities other than investors may, in the sole discretion of the relevant General Partner, be offered co-investment opportunities. In addition, a Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments 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 the Fund, or may be in a position to take action contrary to the investment objectives of the Fund. In addition, a Fund may in certain circumstances be liable for actions of a third party co-venturer or partner.

Some co-investors may also be provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisers of the portfolio company. Positions on boards of directors or advisers of such portfolio companies may provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors. Any board fees received by such co-investors are paid by the relevant portfolio company and are not subject to the offset against Management Fees.

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

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

The Funds draw on CapitalWorks' years of private equity investment experience and the collective transactional and private investment experience of the principals. The Funds' primary investment focus is controlling equity investments in established middle-market companies. The Funds also consider non-control investments where they can obtain contractual protections to protect its minority position. The Funds have a generalist approach to the market and seek opportunities in a variety of industries. The principals' transactional and operating experience, combined with their collective network of industry experts, provide the foundation to cover a broad array of industries. In its investment process, the Firm may seek counsel from investors or other trusted individuals with expertise relevant to the targeted industry. These value-added partners may subsequently serve on the advisory boards of portfolio companies.

The applicable Governing Documents of each Fund set forth more detailed descriptions of each Fund's investment strategies and methods of analysis. There can be no assurance that CapitalWorks will achieve the investment objectives of the Funds and a loss of investment may be possible. In implementing its strategy, CapitalWorks focuses on the key tenants of its investment philosophy:

- *Focus on fundamental value:* CapitalWorks attempts to acquire businesses at or below what it believes is their intrinsic value. CapitalWorks looks to build in a margin of safety in its acquisitions to protect against the downside risk in the transaction.
- *Management makes a difference:* CapitalWorks backs incumbent management or recruits new management into the business and provides them with the resources to succeed, including achievable goals and incentives to focus on execution of the plan. CapitalWorks evaluates management teams and make changes where necessary to ensure success.
- *Execution of simple strategy trumps elegant strategy not executed:* CapitalWorks' teams develop simple strategies and focus on execution. Achievable goals and alignment of the team around these goals drives success.
- *Leverage expert partners:* CapitalWorks' network of investors and entrepreneurs provides access to domain experts in a wide array of varying industries, businesses and functional experts. CapitalWorks actively engages its network in the assessment of opportunities and in the governance of portfolio companies.
- *Integrity and transparency:* CapitalWorks strives to keep its investors' interests first and maintain a high degree of transparency and communication about its investments, building long-term trust and confidence in its ability to deliver investment results.

Valuation Methodology. When determining an appropriate valuation in a bidding process, CapitalWorks seeks investments with potential to offer significant long-term capital appreciation. Discounted cash flow (“DCF”) analysis is central to the way CapitalWorks values potential targets. CapitalWorks is able to make what it believes are reasonable and insightful assumptions in constructing the projections from which targets’ DCFs are derived.

Investment Decisions. For each potential CapitalWorks investment, a complete report is developed outlining the thesis of the investment, its risks and risk mitigants, and a range of potential returns based on the proposed structure of the transaction. All of the principals and other investment professionals of CapitalWorks then meet to review and discuss the merits of each investment based on the report. This is followed by a review with the advisory board, who provide feedback based on their collective knowledge and experience which informs CapitalWorks investment decisions.

Due Diligence. Prior to making an investment, CapitalWorks undertakes business and industry due diligence to confirm the representations of the target, which generally include those concerning its financial condition, business model, customer information, environmental compliance, labor matters, asset values, management retention, supplier information, product substitution or outsourcing and other key business factors, including:

- Business and financial analysis, including historical and (if available) projected operating results and corporate strategy.
- Meetings with management and on-site visits to the target’s facilities.
- Analysis of competitors, suppliers and customers.
- Industry assessment, including its competitive dynamics.
- Review and analysis of “risk factors” affecting the target’s business.

In its transactional work, CapitalWorks regularly engages outside professional firms to assist it with due diligence.

Portfolio Company Oversight – Strategy and Execution. CapitalWorks provides oversight of portfolio companies both through normal corporate governance and through special projects in operations, finance, strategy, mergers and acquisitions, and other areas where it sees opportunities to create value. In rare instances, a managing director may step into a direct management role if there is an urgent need to change personnel or if CapitalWorks believes existing management is pursuing a course of action clearly detrimental to the interests of a Fund.

Exit Strategy. CapitalWorks seeks to understand at the outset of an investment the probable dynamics of the exit. CapitalWorks will often work with investment bankers with relevant industry experience to help understand the markets in which its portfolio companies operate. Exit considerations include the following:

- *Competitive Strategic Value:* Does the company have strategic value to one or more well-capitalized competitors?
- *Vertical Strategic Value:* Are there suppliers or customers who view the company as a critical linchpin in the value chain?
- *Investment Value:* Does the company generate reliable, positive cash flow that would make it attractive to a private investor, independent of its strategic value?
- *Market Exit:* Is there a liquid market for the investment?

Generally, CapitalWorks structures exits as an outright sale of the equity or assets of the business for cash consideration. CapitalWorks may structure exits to include sale consideration in the form of securities. There are provisions in each Fund's partnership agreements to allow distributions of marketable securities at any time and of marketable and non-marketable securities after dissolution.

Leveraged Dividend Recapitalizations. In circumstances where the relevant General Partner believes that a portfolio company has significant long-term growth and cash flow generating capabilities, it may pursue a leveraged recapitalization and dividend transaction. Generally, in such a transaction, the portfolio company would borrow from a senior lender to fund a special dividend that it distributes pro rata to all of its investors, including the relevant Fund, and can result in a carry allocation to the relevant General Partner under the partnership agreement. In contemplating a leveraged recapitalization and dividend transaction, the relevant General Partner would consider the following investment parameters:

- Tax efficiency of the recapitalization transaction (dividend income vs. long-term capital gain).
- Effect of the dividend on the management team's ongoing ownership alignment with the Fund.
- The likelihood of a subsequent sale transaction within a short period of time.
- The risks to the portfolio company associated with adding significant debt from the recapitalization transaction.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds and for which the respective Fund does not represent a complete investment program. Although the following risk factors generally apply to all CapitalWorks Funds, investors should also refer to a Fund's Governing Documents for a description of the risk factors

specific to their Fund. All investors should be aware of certain risk factors, which include, but are not limited to, the following:

General Risks Relating to Investment in a Fund

Future and Past Performance. The performance of CapitalWorks' prior investments is not necessarily indicative of a Fund's future results. While CapitalWorks intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal capital is possible.

Lack of Liquidity. A Fund's investments will be illiquid. A significant period of years will be required before a Fund's investments mature and yield returns, if any. There can be no assurance that a Fund will achieve returns comparable to those attained by prior Funds.

Reliance on the General Partner; Role of Principals. The General Partners and CapitalWorks will undertake all of the investment activities for the Funds, and investors will not be able to make investment or any other decisions in the management of the Funds. The success of a Fund will depend in large part upon the skill and expertise of the principals and the investment opportunities presented by them. There can be no assurance that any or all of the principals will continue to be associated with the General Partners throughout the term of a Fund.

Implementation of a Fund's Investment Strategy. The success of a Fund's investment strategy is, to a certain degree, premised upon the principals' ability to work with and influence management of portfolio companies. There can be no assurance that the management of any portfolio company will agree to or acquiesce in a Fund's or the principals' involvement in the affairs of such portfolio company, or that the strategy or strategies that a Fund helps to implement will be effective. It will be typical for a Fund to have governance control (either alone or as part of an investor group), including rights to replace portfolio company management. However, there can be no assurance that a Fund (or any such investor group) will in all cases be able to recruit and hire competent replacement managers in the event it has to exercise such rights.

Engagement with Investors and Industry Council Members. A Fund may pay fees to, and will reimburse out-of-pocket expenses incurred by, members of the advisory board in connection with their service as such. Such payments will be obligations of a Fund and will not be payable by CapitalWorks out of its Management Fees received from a Fund. Portfolio companies of the Funds may from time to time utilize certain persons or entities who are, or are affiliated with, members of CapitalWorks' network, including investors, to serve on portfolio company advisory boards, to perform services rendered with respect to financial, operational, management, technology, accounting, tax, legal, human resources or similar matters, or both. These may include services to support any portfolio company's management and executive team, supply chain, revenue and margin management, finance improvements, human capital recruitment and management, information technology, corporate communications, customer service and product development, and other similar operational matters. Compensation for such services generally will be determined by the portfolio company's board, a majority of whose

membership will (except in the case of non-controlling investments) be determined by the General Partners, and may include profits or equity interests in a portfolio company, or other incentive-based compensation to the service provider. Such compensation will generally be payable by portfolio companies. It will not be payable by CapitalWorks out of its Management Fees received from the Funds, and will not offset such Management Fees.

Risks of Certain Buyout Investments. The Funds and CapitalWorks may be actively involved in the ownership, management and operation of the portfolio companies. The level of control or the management of these activities could result in the exposure of the Funds to certain liabilities, including (but not limited to) liabilities related to environmental or ERISA matters. In addition, upon disposition of investments, a Fund generally will be required to make representations and warranties to purchasers and indemnify the purchasers, resulting in contingent liabilities to the Fund and the investors.

Possible Non-Control Investments. Although not a focus of the Funds' investment strategy, the Funds may hold non-controlling interests in certain investments, and may, therefore, have limited ability to protect their positions in such investments through governance initiatives available to a controlling or substantial owner.

Concentration of Investments. A Fund may invest up to 20% of its commitments in the equity of one portfolio company, or more with consent of the advisory board. One under-performing investment may, therefore, have a material adverse effect on a Fund's return performance.

No Market for Limited Partnership Interests. Interests in the Funds have not been registered under the Securities Act or applicable securities laws of any state or the securities laws of any non-U.S. jurisdiction. Therefore, the interests cannot be resold unless subsequently registered under the Securities Act and other applicable laws or an exemption from such registration is available. It is not contemplated that registration of the interests under the Securities Act or other securities laws ever will be effected. There is no public market for the interests in the Funds and none is expected to develop. Accordingly, it may be difficult to obtain reliable information about the value of the interests. In addition, the interests are not transferable, except by operation of law, without the prior written consent of the relevant General Partner. Except in extremely limited circumstances, voluntary withdrawals from a Fund will not be permitted. Investors must therefore be prepared to bear the economic risk of an investment for an indefinite period.

Illiquid and Long-Term Investments. Generally, there will be no readily available market for a substantial amount of a Fund's investments. Disposition of such investments may require a lengthy time period or may result in distributions in-kind to the investors of illiquid investments.

Unpredictable Market Conditions. A Fund is materially affected by conditions in the financial markets and economic conditions throughout the United States, such as interest rates, availability of credit, inflation rates, economic uncertainty and changes in laws. These factors are outside CapitalWorks' control and may affect the liquidity and value of the portfolio companies. During periods of difficult

market or economic conditions or slowdowns, portfolio companies may experience decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. Portfolio companies may also have difficulty in expanding their businesses and operations or be unable to meet their debt service obligations or other expenses as they become due. The activities of a Fund could be adversely affected by instability in the U.S. and/or global financial markets and/or changes in market, economic, political, and/or regulatory conditions, as well as by numerous other factors outside the control of CapitalWorks, the General Partners and their respective affiliates.

Length of a Fund's Term Unknown. A General Partner may extend the term of a Fund, in its own discretion. In addition, the term of a Fund may be extended with the consent of the relevant General Partner and a majority-in-interest of investors. Investors should be prepared to hold their investments for an indefinite period of time.

Risks Related to a Fund's Investments in Portfolio Companies

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and successfully disposing of attractive investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to locate and complete investments that satisfy its value arbitrage approach, or that it can liquidate those investments in a timely fashion or realize their values, or that a Fund will be able to fully invest the investors' commitments.

Investments in Portfolio Companies are Subject to a Number of Inherent Risks. A Fund's results are highly dependent on its ability to generate attractive returns from its investments. Investments in portfolio companies involve a number of risks, including the following: (i) portfolio companies may have limited financial resources and may be unable to meet their obligations under their debt obligations, which may be accompanied by a deterioration in the value of their equity securities or any collateral or guarantees provided with respect to their debt; (ii) portfolio companies depend on the management talents and efforts of a small group of individuals and, as a result, the death, disability, resignation or termination of one or more of these individuals could have a material adverse impact on their business and prospects; and (iii) portfolio companies may be parties to litigation, may be engaged in rapidly changing business with products subject to substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

Leverage. Certain of a Fund's portfolio companies may have capital structures with significant leverage. Consequently, the leveraged capital structure of such portfolio companies will increase their exposure to adverse factors such as rising interest rates, downturns in the economy or deterioration in the business of these portfolio companies or their respective industry and may impair such portfolio companies' ability to meet their debt obligations.

Dilution. Investors subscribing for interests at subsequent closings will participate in existing investments of the Fund, diluting the interest of existing investors therein. Although such

subsequently admitted investors will contribute their pro rata share of prior capital contributions previously drawn down by a Fund (plus carrying charges thereon), there can be no assurance that such payment will reflect the fair value of a Fund's existing investments at the time such additional investors subscribe for such interests.

Due Diligence Risks. Before investing in a portfolio company, CapitalWorks will conduct due diligence that the relevant General Partner deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The object of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment, to identify possible risks associated with that investment and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence, the relevant General Partner will typically evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Accordingly, the relevant General Partner cannot be certain that the due diligence investigation that it will carry out with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity, including the existence of contingent liabilities. The relevant General Partner also cannot be certain that its due diligence investigations will result in investments being successful or that actual financial performance of an investment will not fall short of the financial projections used when evaluating that investment.

Need for Additional Capital. Upon the advice of CapitalWorks, a Fund may be called upon to provide follow-on funding for its portfolio companies for support equity or to finance add-on acquisitions. There can be no assurance that a Fund will have sufficient funds to do so. Any decision by a Fund not to invest additional capital, or a Fund's inability to invest additional capital, may have a substantial impact on a portfolio company in need of such an investment or may diminish a Fund's ability to influence the portfolio company's future development.

Unspecified Use of Proceeds. Purchasers of interests will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by a Fund and, accordingly, will be dependent upon the judgment and ability of the General Partner and CapitalWorks in investing and managing the capital of a Fund. No assurance can be given that a Fund will be successful in obtaining suitable investments, or that if such investments are made, the objectives of a Fund will be achieved.

Risks Related to Management of the Funds

Time and Attention of Principals. Subject to the limitations described in the partnership agreements and their respective employment agreements, the principals are responsible for managing certain other investment funds and may in the future organize, sponsor, manage and operate additional investment funds (subject to the limitations described in the partnership agreements and such employment agreements).

Diverse Investor Group. The investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by a Fund, or their structure, acquisition or disposition. As a consequence, conflicts of interest may arise in connection with decisions made by the relevant General Partner, particularly the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with regard to an investor's particular tax situation.

Management Fees. Regardless of the aggregate amount actually invested by a Fund, the Management Fee will be based upon aggregate commitments of the investors during the commitment period, after which it will be based on invested capital of a Fund contributed by the investors.

Risks Related to the Disposition of Investments

Contingent Liabilities on Disposition. In connection with the disposition of an investment, a Fund will be required to make representations about the business and financial affairs of the portfolio company being sold. A Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements will expose a Fund to contingent liabilities that ultimately might yield funding obligations that must be satisfied by the investors to the extent required by a Fund agreement.

Difficulty Making Dispositions. Because certain of a Fund's investments may be in portfolio companies that are highly illiquid, a Fund may experience difficulty in disposing of certain of its investments at opportune times or valuations, or at all.

Use of Leverage and Impact on Dispositions. Certain potential buyers may be unable to obtain sufficient credit in order to purchase portfolio companies from a Fund. This financial risk, and other business and financial risks, could limit the number and type of potential buyers and impair the potential returns of a Fund.

Other Risks

No Right to Control a Fund's Operations. Although the General Partners may consult with, and in certain limited circumstances be required to seek the approval of, the advisory board, investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of a Fund. In order to safeguard their limited liability, investors must rely entirely on CapitalWorks and the relevant General Partner to conduct and manage the affairs of a Fund.

Penalty for Failure to Make Capital Contributions. The partnership agreements provide for significant adverse consequences in the event an investor defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund and potential forfeiture of interests, a defaulting investor may be forced to transfer its interest in the Fund for an amount that

is less than the fair market value of such interest and that may be paid over a period of several years without interest.

Indemnification. The General Partners, CapitalWorks and their respective members, partners, officers, directors, shareholders, employee, advisers, agents, affiliates and personnel, will be entitled to indemnification out of the Funds' assets, except in certain limited circumstances. The assets of the Funds will be available to satisfy these indemnification obligations and investors may be required to make capital contributions and return distributions to satisfy such obligations. Such obligations survive the dissolution of a Fund.

Phantom Income. There can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions in the amount necessary for investors to pay all tax liabilities from their ownership of interests in the Fund.

Tax Treatment of Short-Term Investments. A Fund may sell an investment before the holding period for long-term capital gain treatment has been satisfied. In that case, the investors would pay taxes at ordinary income rates, rather than more favorable long-term capital gain rates.

Cybersecurity Breaches. The Funds are subject to risks associated with a breach in CapitalWorks' or any portfolio company's cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from "hacking" by other computer users, other unauthorized access and the resulting damage and disruption of hardware and software systems, loss or corruption of data as well as misappropriation of confidential information. If a cybersecurity breach occurs, the Funds, investors, CapitalWorks and portfolio companies may incur substantial costs, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, investment losses from sabotaged information systems, identity theft, unauthorized use or dissemination of proprietary information, litigation, and reputational damage. Any such breach could expose a Fund, CapitalWorks or a portfolio company to civil liability as well as regulatory inquiry or action.

Conflicts of Interest

Allocation of Investment Opportunities. The investment committee will be responsible for allocating relevant investment opportunities among the investment vehicles managed by CapitalWorks, including among the Funds. In making such allocations, the CapitalWorks' investment committee will take into consideration the primary focus of each investment vehicle and such other factors as they believe to be fair and reasonable, including the source of the deal, the CapitalWorks' personnel who performed the investment analysis and the investment and/or domain experience of the investment personnel of each investment vehicle. There may, however, be no clear distinction between certain types of investments and there can be no assurance that this allocation process will not negatively impact a Fund's returns. If the CapitalWorks' investment committee is unable to reach agreement regarding the allocation of an investment opportunity, no investment vehicle managed by

CapitalWorks may invest in such opportunity. In the event of such an occurrence, a Fund may not have the opportunity to pursue a potentially attractive investment opportunity.

Sharing of Investments. Investment opportunities may be shared between the Funds and co-investors, including Unpromoted Side Funds. The General Partners believe that the ability of the Funds to share a portion of investments with co-investors will be beneficial to the Funds because it will increase the pool of funds available for such investments and allow the Funds to diversify their risks without limiting their control positions in the case of controlling investments. However, there can be no assurance that such sharing of investments will serve to increase the Funds' returns or reduce their risks.

Effect of Certain Parallel Investment Transactions. Under certain circumstances, it may be desirable for the Funds to permit unrelated parties to invest. If this occurs, the investment objectives under which both the Funds and outside funds participate may become disassociated over time and diverge. This may create a conflict of interest between the Funds and such outside funds.

Portfolio Company Board Service. As a result of the Funds' significant and often controlling interests in portfolio companies, CapitalWorks and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. CapitalWorks principals and employees often serve on the boards of Fund portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Any fees earned for sitting on such portfolio company boards by employees of CapitalWorks are offset against Management Fees; such fees earned by third parties appointed by CapitalWorks are not offset against Management Fees.

Fund and Portfolio Company Expenses. CapitalWorks and its affiliates perform related services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Each portfolio company will generally enter into an agreement with CapitalWorks, pursuant to which the Firm will provide management consulting, monitoring and financial advisory services to the portfolio company. The agreement will generally require the portfolio company to pay (i) a transaction fee paid at the time the portfolio company is acquired, (ii) an annual fee paid throughout the period of ownership for our ongoing services, and (iii) fees for assistance with certain projects including add-on acquisitions, recapitalizations, sales of divisions or interim management services. CapitalWorks will evaluate the specific circumstances of each portfolio company when establishing the amount of fees that are charged, including the sophistication of management and their financial reporting capabilities; the size and complexity of the business; the travel time to the company; the number, roles and compensation of the portfolio company's advisory board members; the effort required to complete project work; other advisors being compensated to complete certain transactions; and the ability of the portfolio company to support fees based on its level of EBITDA. These agreements generally will provide that the annual fee is payable to CapitalWorks in quarterly

installments in advance, and that when the Fund disposes of its investment in the portfolio company, the portfolio company will pay the fee that would accrue for the six-month period following such disposition to cover the post-closing work. Such fees are in addition to any Management Fees and/or Carried Interest paid by the Funds to CapitalWorks. Additionally, a portfolio company may reimburse CapitalWorks for expenses incurred by CapitalWorks in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the fee offset provision. CapitalWorks determines the amount of these fees and reimbursements in its own discretion, subject to agreements with sellers, buyers and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not be disclosed to investors in the Funds. CapitalWorks may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such fees or expenses. Rather, when engaging a third party to provide such services, CapitalWorks will select the third party it believes is appropriate for the situation and such selection will not be based on cost alone.

Expense Allocations. Subject to any relevant restrictions or other limitations contained in the Governing Documents of each Fund, CapitalWorks will allocate fees and expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, CapitalWorks may be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Funds. Investors in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which may be calculated based on capital commitments, invested capital, available capital, or other metrics as determined by the General Partner in its sole discretion. The allocations of such expenses may not be proportional.

A conflict of interest could arise in CapitalWorks' determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, or whether such expenses should be borne by CapitalWorks. The Funds will be reliant on the determinations of CapitalWorks in this regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by CapitalWorks to be the most appropriate corrective measure. CapitalWorks does not receive any favorable legal fee rates or discounts that are not also provided to the Funds.

Business with Portfolio Companies. CapitalWorks may, in its discretion, recommend to a Fund or a portfolio company (in response to a solicitation for a recommendation or otherwise) that it contract for services with: (i) CapitalWorks or a related person of CapitalWorks (including but not limited to a portfolio company of a Fund); or (ii) an entity with which CapitalWorks or its affiliates or a member of their personnel has a relationship or from which CapitalWorks or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, CapitalWorks

may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Transactions with Fund Investors. CapitalWorks may enter into transactions with certain Fund investors such as, for example, investors who are also business partners, such as insurance agents, investment banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the Firm, its Funds and portfolio companies. The terms of these transactions are negotiated on an arm's-length basis; however, CapitalWorks is subject to a conflict of interest when determining such terms because CapitalWorks may benefit from retaining such investors' investment in the Funds.

Other Business Responsibilities. Throughout the term of the Funds, the principals may have other business responsibilities, including board memberships and other business responsibilities. Although the principals shall be obligated, pursuant to their respective employment agreements, to devote substantially all of their business time and efforts to the activities of the Funds, other business responsibilities may take significant amounts of their business time.

Leveraged Recapitalization Dividend Transactions. While CapitalWorks will typically seek an exit transaction in which 100% of the assets and business interests of a portfolio company is divested and realized, a Fund may find circumstances where it is attractive for a portfolio company to borrow money and pay its owners, including portfolio company management, a pro rata dividend. In these instances, the exercise of fiduciary responsibility could be compromised by:

- Reimposition of leverage on a low debt or debt-free capital structure.
- Providing investment returns to portfolio company managers in advance of a complete exit.
- Realizing all or part of the relevant General Partner's accrued carry allocation in advance of a complete exit.

Valuation. The fair market value of all portfolio investments, for certain purposes affecting the General Partners' and CapitalWorks' compensation under the partnership agreements, will be as determined by the General Partners in accordance with the partnership agreements. Such valuations will be subject to the approval of the advisory board, but they will not initially be performed by an independent third party. The fair market value of a portfolio investment, as determined for purposes of the relevant partnership agreement, may not reflect the price at which the investment could be sold in the market, and the difference between fair market value and the ultimate sales price could be material.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by CapitalWorks in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and

assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Advisory Board. Each of CapitalWorks' Funds has an advisory board, which is established under the respective Fund's offering and Governing Documents. Each Fund's advisory board is comprised of select investors of each Fund. A conflict of interest may exist in that not all investors are asked to join a Fund's advisory board.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

For information regarding the types of securities and portfolio companies in which Funds invest, please see Item 4.B and Item 8.A, above.

Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Like other registered investment advisers, CapitalWorks is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of CapitalWorks or the integrity of CapitalWorks' management. CapitalWorks and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

On occasion, in the ordinary course of its business, CapitalWorks is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, CapitalWorks is not aware of a legal proceeding or a claim against the Firm, a Fund or a portfolio company that would individually or in the aggregate materially affect the Firm or the Funds' results of operations, financial position or cash flows.

Item 10 – Other Financial Industry Activities and Affiliations

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither CapitalWorks nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.

Neither CapitalWorks nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

- 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**
- 2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**
- 3. Other investment adviser or financial planner**
- 4. Futures commission merchant, commodity pool operator, or commodity trading adviser**
- 5. Banking or thrift institution**
- 6. Accountant or accounting firm**
- 7. Lawyer or law firm**
- 8. Insurance company or agency**
- 9. Pension consultant**
- 10. Real estate broker or dealer**
- 11. Sponsor or syndicator of limited partnerships.**

As described above in Item 4, CapitalWorks is affiliated with General Partners which are deemed registered with the SEC under the Advisers Act pursuant to CapitalWorks’ registration. These affiliated entities operate as a single advisory business together with CapitalWorks and serve as General Partners or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants or persons occupying similar positions. These affiliated entities do not have employees of their own.

CapitalWorks does not have arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or its investors.

CapitalWorks has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; investment banking; tax preparation; insurance brokerage; investment management services; and other personal services. Some of these professionals may provide services to the Funds or their portfolio companies.

From time to time, CapitalWorks may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will CapitalWorks accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

CapitalWorks does not recommend or select other investment advisers for the Funds.

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

A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC Rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.

Pursuant to Rule 204A-1 of the Advisers Act, CapitalWorks has adopted a written code of ethics (“Code of Ethics” or the “Code”) that sets forth standards of conduct expected of supervised persons and addresses conflicts that can arise from personal trading. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm’s interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws.

Employees are required to certify to their compliance with the Code on an annual basis. Employees of CapitalWorks who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the Code of which they become aware.

CapitalWorks will provide a copy of its Code to any existing or prospective investor upon request to Mikel Harding, the Chief Compliance Officer, at (216) 781-3233 or mharding@capitalworks.net.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your

practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Certain CapitalWorks employees and family members of CapitalWorks employees have invested in the Funds through their General Partners and/or as investors. CapitalWorks may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons.

CapitalWorks will not affect any principal or agency cross securities transactions for Funds without the proper consent of the relevant General Partner or the advisory board, as applicable. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. In the context of CapitalWorks' business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future Fund or selling a portfolio company from one Fund to another. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. This situation does not apply to CapitalWorks.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

The personal trading policy for all CapitalWorks personnel is set forth in CapitalWorks' Code of Ethics and is acknowledged as received and understood by each supervised person. CapitalWorks' personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by any supervised person and that supervised persons in no respect misappropriate any benefit properly belonging to a Fund. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Under the Code of Ethics, CapitalWorks employees are required to file certain periodic reports with the Chief Compliance Officer, as required by Rule 204A-1 under Advisers Act.

CapitalWorks' employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. The Firm maintains a restricted list regarding issuers about whom it has material non-public information. Pre-clearance is required by supervised persons for certain personal securities transactions, including initial public offerings and certain limited offerings. In addition, supervised persons are required to submit their brokerage account statements for review.

The principals and employees of CapitalWorks may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. In addition, principals, employees and affiliates may buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Because of the private nature of its portfolio investments, CapitalWorks does not typically face a situation where an employee buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for Client accounts. In the event this were to occur, the employee would be required to seek pre-approval from the Chief Compliance Officer for such transaction.

Item 12 – Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Generally, CapitalWorks focuses on securities transactions of private companies and purchases and sells such companies through privately negotiated transactions in which generally the services of an investment banker may be retained. In privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the client. CapitalWorks may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Whether for private or public securities transactions, CapitalWorks selects a broker-dealer or investment banker with the overall aim of maximizing returns for the client.

Selection of a broker-dealer or investment banker will be based on CapitalWorks' best judgment of who can provide best execution and will consider a variety of factors as specified in its compliance manual, including but not limited to: : CapitalWorks' prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's reputation within the industry; the broker-dealer or investment banker's expertise in dealing with investments that may be restrictive or illiquid in nature; and the cost, among other factors.

Although CapitalWorks generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate

outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

1. Research and Other Soft Dollar Benefits.

CapitalWorks does not receive research or other soft dollar benefits in connection with securities transactions for the Funds.

2. Brokerage for Client Referrals.

CapitalWorks does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds.

3. Directed Brokerage.

CapitalWorks does not engage in directed brokerage.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

CapitalWorks does not aggregate the purchase or sale of securities for client accounts.

Item 13 – Review of Accounts

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly CapitalWorks' review of them is not directed toward a short-term decision to dispose of securities. The Firm closely monitors the portfolio companies of its Funds and generally maintains an ongoing oversight position in such portfolio companies. These reviews include, without limitation, sales trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape and management. A team of investment professionals reviews each Fund's portfolios on an on-going basis. The team generally includes principals and other investment professionals of CapitalWorks.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

CapitalWorks would perform additional reviews in the event that a portfolio company needed subsequent financing, in the event of a potential acquisition or liquidity event, or if there were a serious performance issue.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

Annually, CapitalWorks provides to investors on behalf of each of its Funds, as applicable: (i) audited financial statements prepared in accordance with generally accepted accounting principles (“GAAP”), accompanied by the report of its independent certified public accountants within 120 days of fiscal year end; (ii) a comprehensive description of the year’s activities; and (iii) tax information necessary for the completion of tax returns (K-1s). On a quarterly basis, CapitalWorks provides to investors on behalf of each of its Funds, as applicable: (i) quarterly reports, including descriptive information on each Fund and its activities; and (ii) unaudited financial statements within 45 days after the end of the first three fiscal quarters of each year or as soon thereafter as reasonably practicable. All reports are written and sent to investors in either a physical copy or are delivered electronically as per each investor’s preference. The Firm also has contact with investors (personal visits, telephone, email) throughout the year as conditions warrant.

In the course of conducting due diligence and otherwise, Fund investors periodically request information pertaining to their investments. CapitalWorks responds to these requests, and in answering these requests provides information that is not generally made available to other Fund investors who have not requested such information. Upon request, certain investors may receive additional information and reporting that other investors may not receive.

Investors in co-investment vehicles receive different reports, as agreed upon with investors in each co-investment vehicle on a case-by-case basis.

Item 14 – Client Referrals and Other Compensation

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

As described in Item 5 above, CapitalWorks receives transaction fees, monitoring fees and reimbursements from the portfolio companies owned by the Funds. These fees are paid pursuant to separate agreements entered into with some portfolio companies to provide certain consulting services

to the companies that CapitalWorks believes will ultimately enhance the value of the companies and benefit the Funds and their investors.

These types of arrangements present potential conflicts of interest and provide CapitalWorks with an incentive to recommend investments based on compensation received rather than the best interests of the Fund. To help mitigate this potential conflict, such benefits received by CapitalWorks or its employees in connection with services rendered to portfolio companies or transactions of the Funds are offset in whole or in part against Management Fees payable by the Fund, to the extent described above and detailed in each Fund's Governing Documents.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

CapitalWorks may, from time to time, utilize the services of a placement agent to assist in raising capital for new funds. Any fees paid to a placement agent are borne by CapitalWorks and not by investors or the Fund, although related expenses incurred pursuant to the relevant placement agent agreement, including but not limited to placement agent travel, meals and entertainment expenses, typically will be borne by the relevant Fund as part of organizational costs. In connection with fundraising for Fund IV, CapitalWorks engaged the services of Shannon Advisors, LLC, a registered broker-dealer.

Item 15 – Custody

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

The Advisers Act Rule 206(4) (the "Custody Rule") requires that pooled investment vehicles which CapitalWorks advises either undergo an annual audit pursuant to GAAP or be subject to a surprise custody examination by examination by a Public Company Accounting Oversight Board ("PCAOB") registered auditing firm. CapitalWorks is deemed to have custody of the Funds' assets because of its affiliation with each Fund's General Partner and each General Partner's ability to deduct fees from Fund accounts. In order to comply with the Custody Rules, CapitalWorks has elected to undergo an annual GAAP financial statement audit by a PCAOB registered auditing firm for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds and Funds which were not previously subject to the Custody Rule prior to CapitalWorks' full registration with the SEC) delivered to the Funds and their respective investors within 120 days of fiscal year end.

CapitalWorks does not, however, have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent

or wired into the relevant Fund's qualified custodial account. CapitalWorks receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about CapitalWorks' qualified custodians, please see Form ADV Part 1, Schedule D, 7.B.(1).

Item 16 – Investment Discretion

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to investors in the Funds individually. CapitalWorks generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement with such Fund. Such Governing Documents generally contain a power of attorney that grants CapitalWorks or its General Partners certain powers related to the orderly administration of the affairs of the Funds. Once an investor executes these documents, CapitalWorks is not required to contact an investor prior to transacting any business. An investor may impose limitations on CapitalWorks' authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon an investor's investment must be presented to CapitalWorks in writing and agreed to by CapitalWorks and such investor. Other investors are not provided with consent rights regarding such side letter agreements.

No investors to date have limited the Firm's discretion to provide investment advice.

Item 17 – Voting Client Securities

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

By virtue of the applicable Governing Documents, CapitalWorks has the authority to vote client proxy statements on behalf of the Funds. The majority of "proxies" received by CapitalWorks, however, will be written shareholder consents or similar instruments for private companies owned by the Funds. As such, CapitalWorks has adopted proxy voting policies and procedures pursuant to SEC Rule 206(4)-6. CapitalWorks' proxy policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. CapitalWorks

generally believe its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds. In the event that there is or may be a conflict of interest in voting proxies, CapitalWorks' proxy policy provides that the Firm may address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory board on the proposed proxy vote, engaging a third party or through other alternatives as set forth in CapitalWorks' proxy policy. Investors in the Funds cannot direct how CapitalWorks votes proxies nor is CapitalWorks required to seek investor approval or direction from investors when voting proxies.

Firm principals, industry council members, and affiliated or unaffiliated third parties appointed by CapitalWorks often sit on the boards of portfolio companies to which CapitalWorks provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. CapitalWorks does not consider service on portfolio company boards by CapitalWorks personnel and affiliated and unaffiliated third parties appointed by CapitalWorks or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

CapitalWorks will provide a copy of its proxy voting policy to any existing or prospective investor upon request to Mikel Harding, the Chief Compliance Officer, at (216) 781-3233 or mharding@capitalworks.net. Investors may also obtain information from the Firm, free of charge, about how CapitalWorks voted any previous proxies, if any.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

This Item is not applicable to CapitalWorks.

Item 18 – Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

CapitalWorks does not require prepayment of more than \$1,200 in fees per client six months or more in advance.

B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

CapitalWorks has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

CapitalWorks has not been the subject of a bankruptcy petition.

Brochure Supplement

Form ADV Part 2B: BROCHURE SUPPLEMENT



CAPITALWORKS, LLC

1100 Superior Avenue
17th Floor, Suite 1725
Cleveland, Ohio 44114

Contact: Mikel B. Harding
(216) 781-3233 (phone)
(216) 781-6670 (facsimile)
mharding@capitalworks.net

www.capitalworks.net

March 29, 2018

This Brochure provides information about the qualifications and business practices of CapitalWorks, LLC (“CapitalWorks” or the “Firm”). Please contact Mikel Harding, the Chief Financial Officer and Managing Director, at (216) 781-3233 or mharding@capitalworks.net if you did not receive CapitalWorks’ Brochure or if you have any questions about the contents of this supplement.

Additional information about CapitalWorks also is available on the SEC’s website at www.adviserinfo.sec.gov.

Richard R. Hollington III

Year of Birth: 1963

Chief Executive Officer, President and Managing Director

1100 Superior Avenue

17th Floor, Suite 1725

Cleveland, Ohio 44114

(216) 781-3233

Item 2 – Educational Background and Business Experience

Mr. Hollington is the Chief Executive Officer, President and a Managing Director of CapitalWorks. Prior to joining CapitalWorks, Mr. Hollington founded RRH Management LLC (“RRH Management”). Before forming RRH Management, he spent eleven years in banking as a member of the executive management team of Sky Financial Group and its predecessors. Mr. Hollington also previously worked at McKinsey & Company, providing strategy development and McDonald Investments working on public offerings, mergers and acquisitions and venture capital transactions. Mr. Hollington graduated from Williams College with a Bachelors of Arts in Political Science. He holds a Masters of Business Administration from the Darden School of Management at the University of Virginia.

Item 3 – Disciplinary Information

There are no disciplinary events material to an investor’s evaluation of Mr. Hollington.

Item 4 – Other Business Activities

Mr. Hollington is engaged in outside business activities, none of which creates a conflict of interest with CapitalWorks or its Funds.

Item 5 – Additional Compensation

Mr. Hollington does not receive an economic benefit for providing advisory services, other than the compensation received by CapitalWorks.

Item 6 – Supervision

For compliance matters, Mr. Hollington is supervised by CapitalWorks’ Chief Compliance Officer, Mikel Harding, who may be reached at (216) 781-3233 or mharding@capitalworks.net. For investment matters, the relevant investment committee or general partner of each Fund is responsible for approving and monitoring all investments.

Mikel B. Harding

Year of Birth: 1969

Chief Compliance Officer, Chief Financial Officer and Managing Director

1100 Superior Avenue

17th Floor, Suite 1725

Cleveland, Ohio 44114

(216) 781-3233

Item 2 – Educational Background and Business Experience

Mr. Harding is the Chief Compliance Officer, Chief Financial Officer and a Managing Director of CapitalWorks. Prior to joining CapitalWorks, Mr. Harding was a partner at Cohen & Company, a regional CPA firm based in Cleveland. While at Cohen & Company, Mr. Harding helped form the firm's investment banking group which provided lower middle market companies with expertise in capital market transactions in the areas of merger and acquisitions, sell-side representation and divestitures, buy-side due diligence, management buy-outs, capital raising and financial restructuring. Mr. Harding graduated from the University of Akron with a Bachelor of Science degree in Accountancy.

Item 3 – Disciplinary Information

There are no disciplinary events material to an investor's evaluation of Mr. Harding.

Item 4 – Other Business Activities

Mr. Harding is engaged in outside business activities, none of which creates a conflict of interest with CapitalWorks or its Funds.

Item 5 – Additional Compensation

Mr. Harding does not receive an economic benefit for providing advisory services, other than the compensation received by CapitalWorks.

Item 6 – Supervision

For compliance matters, Mr. Harding is supervised by CapitalWorks' Chief Executive Officer, President and a Managing Director, Richard R. Hollington, who may be reached at (216) 781-3233 or dhollington@capitalworks.net. For investment matters, the relevant investment committee or general partner of each Fund is responsible for approving and monitoring all investments.