

INVESTMENT ADVISER BROCHURE

RIVERSIDE PARTNERS L.L.C.

Riverside Partners L.L.C.
630 Fifth Avenue, Suite 2400
New York, New York 10111
(212) 265-6575
<http://www.riversidecompany.com>

February 14, 2012

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Riverside Partners L.L.C. (“Riverside Partners”). If you have any questions about the contents of this Brochure, please contact us at (212) 265-6575. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Riverside Partners is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Riverside Partners is also available on the SEC’s website at www.adviserinfo.sec.gov.

TABLE OF CONTENTS

	<u>Page</u>
Advisory Business.....	2
Fees and Compensation	4
Performance-Based Fees and Side-By-Side Management.....	7
Types of Clients.....	7
Methods of Analysis, Investment Strategies and Risk of Loss	7
Disciplinary Information	15
Other Financial Industry Activities and Affiliations	16
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Brokerage Practices.....	17
Review of Accounts.....	18
Client Referrals and Other Compensation	18
Custody	18
Investment Discretion	19
Voting Client Securities	19
Financial Information	19
Supplemental Information About Certain Principals of Riverside	20

ADVISORY BUSINESS

Riverside Partners, the registered investment adviser, is a Delaware limited liability company. Riverside Partners and its affiliated investment advisers (collectively, “**Riverside**”) provide “investment supervisory services” to their clients, which consist of private investment-related funds. Riverside has been in business since 1988. Riverside Partners is controlled by Riverside Global Partners, LLC, its sole member, which is controlled and principally owned by Stewart Kohl and Béla Szigethy.

The following are certain of the affiliated advisers of Riverside Partners (collectively, the “**Advisers**”):

General Partners

- Riverside Capital Associates 2000, LLC (“**RCAF 2000 GP**”);
- Riverside Capital Associates 2003, LLC (“**RCAF 03 GP**”);
- RCAF V Associates, LLC (“**RCAF V GP**”);
- RMCF I Associates, LLC (“**RMCF I GP**”);
- RMCF II SBIC, LLC and RMCF II Associates, LLC (collectively, “**RMCF II GP**”);
- RAF I Associates, LLC (“**RAF I GP**”);
- REF II Associates, LLC (“**REF II GP**”);
- REF III Associates, LLC (“**REF III GP**”);
- REF IV Associates (Caymans), LP, REF IV Associates (U.S.), LP and REF IV GP, LLC (collectively “**REF IV GP**,” and together with RCAF 2000 GP, RCAF 03 GP, RCAF V GP, RMCF I GP, RMCF II GP, RAF I GP, REF II GP and REF III GP, the “**General Partners**”).

Management Companies

- Riverside Asia Partners, LLC, operating through the following wholly-owned subsidiaries formed for tax and operational reasons in their respective local jurisdictions: Riverside Partners KK; Riverside Asia Partners Pty Limited; Riverside Asia Partners Limited; and Riverside Asia Partners YH (collectively, “**Riverside Asia**”);
- Riverside Europe Partners, LLC, operating through the following wholly-owned subsidiaries formed for tax and operational reasons in their respective local jurisdictions: Riverside Europe Partners GmbH; Riverside España Partners S.L.; Riverside Europe Partners Sp. z.o.o.; Riverside Europe Partners SPRL; Riverside Europe Partners s.r.o.; Riverside Europe Partners AB; Riverside Europe Partners BV; RE Partners Ltd.; and Riverside Europe Partners LLP (collectively, “**Riverside Europe**”); and
- Riverside Europe Partners (Caymans), L.P. (“**Riverside Cayman**,” and collectively with Riverside Partners, Riverside Asia and Riverside Europe, the “**Management Companies**”).

The General Partners and Management Companies listed above each serve as general partner or management company, as applicable, to one or more Funds (as defined below) and have the authority to make the investment decisions for the Funds to which they provide advisory services. Each General Partner and Management Company is registered under the Advisers Act pursuant to Riverside Partners' registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner and Management Company, which operate as a single advisory business together with Riverside Partners. The Advisers' clients include the following (together with any future private investment fund to which the Advisers or their affiliates provide investment advisory services, the "**Funds**"):

- Riverside XIV Holding Company (CON), L.P. ("**Riverside XIV**");
- 2000 Riverside Capital Appreciation Fund, L.P. ("**RCAF 2000**");
- 2003 Riverside Capital Appreciation Fund, L.P.;
- 2003 Riverside Capital Appreciation Fund (QC), L.P. (collectively with 2003 Riverside Capital Appreciation Fund, L.P. ("**RCAF 03**");
- Riverside Capital Appreciation Fund V, L.P.;
- Riverside Capital Appreciation Fund V-A, L.P. (collectively with Riverside Capital Appreciation Fund V, L.P., "**RCAF V**");
- Riverside Micro-Cap Fund I, L.P. ("**RMCF I**");
- Riverside Micro-Cap Fund II, L.P. ("**RMCF II**");
- Riverside Asia Fund I, L.P. ("**RAF I**");
- Riverside Europe Fund II, L.P. ("**REF II**");
- Riverside Europe Fund III, L.P. ("**REF III**"); and
- Riverside Europe Fund IV, L.P. ("**REF IV**").

The Management Companies provide the day-to-day advisory services for the Funds. The General Partners also manage the following Funds formed primarily to allow unaffiliated persons to invest in certain portfolio investments made by certain of the Funds: RCAF 2000 SPV I, L.P.; RCAF 2003 CIV VI, L.P.; RCAF 2003 CIV XI, L.P.; RCAF 2003 CIV XII, L.P.; RCAF 2003 CIV XIII, L.P.; RCAF V CIV XV, L.P.; RCAF V CIV XVI, L.P.; RCAF V CIV XVII, L.P.; RCAF V CIV XVIII, L.P.; RCAF V CIV XIX, L.P.; RCAF V CIV XX L.P.; RCAF V CIV XIV, L.P.; RAF I CIV I-A, L.P.; RAF I CIV SPV, L.P.¹; REF III SPV II, L.P.; REF IV Associates (Caymans) L.P. Acqua CIV S.C.S.; REF IV Associates (Caymans) LP Flow CIV SCS; and REF IV Associates (Caymans) LP Child Wear CIV SCS (collectively, the "**Co-Invest Funds**").

The Funds are expected to invest through negotiated transactions in operating entities. The Advisers' investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating investments, overseeing such investments during the time they are held by a

¹ Certain Principals (as defined herein) and Riverside employees are also limited partners in this entity.

Fund and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. The senior principals or other personnel of the Advisers or their affiliates may serve on a portfolio company's board of directors or otherwise act to influence control or management of portfolio companies held by the Funds. Additionally, as further described below, the Advisers may utilize certain experienced operating executives ("**Operating Partners**") to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest.

The Advisers' advisory services for the Funds are further described in the applicable private placement memorandum (each, a "**Memorandum**") and limited partnership agreement or other governing document (each, a "**Partnership Agreement**"), as well as below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion." Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. In addition, the Funds or the Advisers may enter into side letters or other similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing the relevant Partnership Agreement, generally subject to a requirement that such rights or other terms be offered to all investors in the relevant Fund.

As of September 30, 2011, the Advisers managed approximately \$3,511,626,770 in client assets on a discretionary basis.

FEES AND COMPENSATION

From each of the Funds, pursuant to the applicable Partnership Agreement, the applicable Management Company receives a quarterly management fee (the "**Management Fee**") in connection with advisory services provided to such Fund and the applicable General Partner receives a carried interest, if any, upon the sale or disposition of investments. The Co-Invest Funds do not pay a Management Fee but may be subject to carried interest, as described in the applicable governing document of each such Co-Invest Fund. Portfolio companies owned by the Funds may compensate the Management Companies for performing certain management and other services through closing and advisory fees (together, "**Advisory Fees**"), and such additional compensation may offset in whole or in part any Management Fees otherwise payable to the Management Companies, as specified in the applicable Partnership Agreement and Memorandum. The Funds also bear certain operating expenses. Principals or other current and former employees of Riverside may receive a portion of the carried interest or other compensation received by the Advisers or their affiliates.

The Management Fees paid with respect to the Funds are listed below.

1. *Riverside XIV*

Riverside XIV does not pay a Management Fee.

2. *RCAF 2000*

RCAF 2000 pays Riverside Partners, quarterly in advance, a Management Fee equal to, on an annual basis, 2.00% of the aggregate Fund investor capital commitments ("**Commitments**"), subject to reductions at the end of its investment period, generally, five years from the date of the Fund's final closing (the "**Investment Period**"), and in certain other circumstances, in each case, as specified in its Partnership Agreement.

3. *RCAF 03*

RCAF 03 pays Riverside Partners, quarterly in advance, a Management Fee equal to, on an annual basis, 2.00% of the Fund's Commitments, subject to reductions at the end of its Investment Period and in certain other circumstances, in each case, as specified in its Partnership Agreement.

4. *RCAF V*

RCAF V pays Riverside Partners, quarterly in advance, a Management Fee equal to, on an annual basis, 2.25% of the Fund's Commitments, subject to reductions at the end of its Investment Period, and in certain other circumstances, in each case, as specified in its Partnership Agreement.

5. *RMCF I*

RMCF I pays Riverside Partners, quarterly in advance, a Management Fee equal to, on an annual basis, 2.25% of the Fund's Commitments, subject to reductions at the end of its Investment Period and in certain other circumstances, in each case, as specified in its Partnership Agreement.

6. *RMCF II*

RMCF II pays Riverside Partners, quarterly in advance, a Management Fee equal to, on an annual basis, 2.00% of the sum of: (i) the Fund's Commitments, subject to certain adjustments described in its Partnership Agreement; and (ii) an amount equal to the total amount of leverage projected by the Fund in the Fund's business plan as was approved by United States Small Business Administration, subject to reductions at the end of its Investment Period and in certain other circumstances, in each case, as specified in its Partnership Agreement.

7. *RAF I*

RAF I pays Riverside Asia, quarterly in advance, a Management Fee equal to, on an annual basis 2.50% of the Fund's Commitments, subject to reductions at the end of its Investment Period and in certain other circumstances, in each case, as specified in its Partnership Agreement.

8. *REF II*

REF II pays Riverside Europe, quarterly in advance, a Management Fee equal to, on an annual basis, 2.50% of the Fund's Commitments, subject to reductions at the end of its Investment Period and in certain other circumstances, in each case, as specified in its Partnership Agreement.

9. *REF III*

REF III pays Riverside Europe, quarterly in advance, a Management Fee equal to, on an annual basis, 2.50% of the Fund's Commitments, subject to reductions at the end of its Investment Period and in certain other circumstances, in each case, as specified in its Partnership Agreement.

10. *REF IV*

REF IV pays Riverside Cayman, quarterly in advance, a Management Fee equal to, on an annual basis 2.50% of the Fund's Commitments, subject to reductions at the end of its Investment Period and in certain other circumstances, in each case, as specified in its Partnership Agreement.

Installments of the Management Fee payable for any period other than a full three-month period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee is reduced by a portion of directors' fees, consulting fees, and any Advisory Fees paid by portfolio companies to a General Partner or its senior principals and other personnel. The remaining amount of such fees received by the applicable General Partner without offset against the Management Fee are hereinafter referred to as "**Supplemental Fees**."

Under certain of the Funds' Partnership Agreements, the relevant Management Company may waive a portion of the Management Fee, and any waived portion of such Management Fee is contributed to the relevant Fund and is treated as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund's portfolio on such General Partner's behalf. Any such contribution reduces the amount of capital contributions the relevant General Partner would otherwise be required to contribute to the relevant Fund.

The Management Fee generally will be payable until all of a Fund's portfolio investments are distributed or sold, as otherwise specified in each Fund's Partnership Agreement, or until the Fund is terminated for other reasons (as described in each Partnership Agreement). In addition, each General Partner will receive a carried interest from investors in certain of the Funds generally ranging from 20% to 25% of all realized profits after a designated preferred return (as more fully described in each Partnership Agreement) and will receive carried interest from investors in certain of the Co-Invest Funds in an amount up to 25% of all realized profits after a designated preferred return (as more fully described in each Partnership Agreement). The carried interest distributed to a General Partner by the Funds is subject to a potential clawback, most often at the end of the life of the applicable Fund, if the General Partner has received excess cumulative distributions, as defined in the relevant Funds' Partnership Agreements.

The Funds generally invest on a long-term basis. Accordingly, investors generally are not permitted to withdraw or redeem interests in a Fund.

As described in each Partnership Agreement, a Fund typically pays (or reimburses the relevant Adviser) its reasonable organizational expenses up to a specified amount. In addition, a Fund generally pays (or reimburses the relevant Adviser) for its proportionate share of expenses associated with the Partnership's operation, including, without limitation: any applicable Management Fees; expenses, including travel expenses, related to evaluating and negotiating prospective and actual investments (including, but not limited to, temporary investments and transactions not consummated); expenses related to acquiring, holding, managing and disposing of actual investments; Fund indemnification obligations; expenses associated with the engagement of professionals; expenses associated with tax and accounting reports; tax payment obligations of the Fund; and other expenses associated with the Fund's administration and operation that are not (i) borne by the relevant Adviser or (ii) allocable to a Co-Invest Fund formed to co-invest alongside a Fund. Riverside's policy is to allocate expenses applicable to multiple Funds among such Funds in a fair and equitable manner, consistent with its fiduciary obligations.

Additionally, as described more fully in the applicable Memorandum, under specific circumstances, certain Riverside employees may provide services to portfolio companies, and, in connection with such services, the applicable Management Companies may be reimbursed for these costs by such portfolio companies.

Subject to the relevant Partnership Agreement and the paragraph above, the applicable Adviser generally will bear all of its own operating and overhead costs and expenses, including rent and, in general, salaries and benefits.

Brokerage fees may be incurred by the applicable Fund in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the General Partners receive a carried interest allocation on certain realized profits in the Funds, including certain of the Co-Invest Funds. A performance-based allocation is an allocation representing an asset manager’s compensation based on a percentage of net profits of the fund being managed. Riverside also manages certain Co-Invest Funds that are not charged a performance-based fee. Although this practice could present a conflict of interest, Riverside does not believe this arrangement poses a conflict of interest in practice because the Co-Invest Funds co-invest alongside the applicable Fund at substantially the same time and on substantially the same terms as the Fund and dispose of such investments in a similar manner.

TYPES OF CLIENTS

The Advisers provide investment advice to the Funds, which may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals, senior advisors or other current and former employees of the Advisers and their affiliates.

The Funds generally have minimum investment amounts between \$1 million and \$5 million for third-party investors, and Fund interests generally are offered and sold solely to qualified clients and institutional investors. Each General Partner reserves the right, in its sole discretion, to accept Commitments of less than the specified minimum amount.

The General Partners select which investors are permitted to invest in the Co-Invest Funds based on various factors, including the ability of the investor to fund and complete the investment on a timely basis, historically expressed interest in co-investments, alignment of management interests and for strategic or other reasons as more fully described in the applicable Partnership Agreement. Except to the extent required by the Riverside Investment Allocations/Co-Investment Policy and/or the relevant Partnership Agreement(s), no General Partner is obligated to make co-investment opportunities available to any or all Limited Partners of a Fund.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

The Advisers’ investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, overseeing such investments during the time they are held by a Fund and achieving dispositions for investments.

RCAF 2000, RCAF 03 and RCAF V. Each of RCAF 2000, RCAF 03 and RCAF V seek to realize long-term capital appreciation primarily through the purchase of a broad and varied portfolio of controlling private equity investments in small to medium-sized companies (“**Portfolio Companies**”) headquartered in North America, which generally have enterprise values ranging from approximately \$10 million to \$150 million and earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) between \$5 million and \$15 million.

RMCF I and RMCF II. Each of RMCF I and RMCF II seek to realize long-term capital appreciation primarily through the purchase of a broad and varied portfolio of controlling private equity investments in small to medium-sized companies which have enterprise values ranging from approximately \$1 million to approximately \$40 million and EBITDA up to approximately \$5 million and, subject to the Small Business Investment Act of 1958, as amended, in the case of RMCF II, which are organized, headquartered or principally operating in the United States.

RAF I. RAF I seeks to realize long-term capital appreciation primarily through the purchase of a broad and varied portfolio of controlling private equity investments in small to medium-sized companies headquartered in Australia, The Republic of China's special administrative region of Hong Kong, Japan, the Republic of Korea, Singapore, the People's Republic of China (excluding the special administrative region of Hong Kong), India, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, Taiwan and Vietnam, which generally have enterprise values ranging from approximately \$10 million to \$150 million and EBITDA between \$4 million and \$15 million.

REF II. REF II seeks to realize long-term capital appreciation primarily through the purchase of a broad and varied portfolio of controlling private equity investments in small to medium-sized companies (i) which have enterprise values ranging from approximately 10 million Euros to 75 million Euros and (ii) which are organized, headquartered or principally operating in Europe.

REF III. REF III seeks to realize long-term capital appreciation primarily through the purchase of a broad and varied portfolio of controlling private equity investments in small to medium-sized companies (i) which have enterprise values ranging from approximately 10 million Euros to 75 million Euros and (ii) which are organized, headquartered or principally operating in Europe.

REF IV. REF IV seeks to realize long-term capital appreciation primarily through the purchase of a broad and varied portfolio of controlling private equity investments in small to medium-sized companies (i) which have enterprise values ranging from approximately 10 million Euros to 150 million Euros and (ii) which are organized, headquartered or principally operating in Europe and Turkey.

On a selective and limited basis, a Fund may acquire minority equity positions, including minority equity positions in public companies where the intent is to gain control of the public company. After acquiring a Portfolio Company, a Fund will attempt to grow that Portfolio Company, both organically and through add-on acquisitions. Following a Fund's Investment Period, such Fund will no longer actively seek to make new platform investments in Portfolio Companies but may pursue add-on investments in Portfolio Companies throughout its term, in accordance with the relevant Partnership Agreement and Memorandum.

A Fund may also co-invest with other funds managed by the Advisers or their affiliates (collectively, the "**Permitted Funds**") in the acquisition of a Portfolio Company or for the purpose of facilitating add-on acquisitions to a Portfolio Company of any Permitted Fund, subject to the provisions of each Permitted Fund's governing document. Where required by the relevant Partnership Agreement(s), a Fund will not make a cross-fund investment unless each Fund's Limited Partner advisory committee (the "**Advisory Committee**") approves the valuation of the investment.

Each Fund's Partnership Agreement includes certain investment restrictions, which in some cases may be waived with the approval of the Fund's Advisory Committee.

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

Investment and Operating Strategy

The four key elements of the Advisers' investment strategy and process are: deal origination; transaction review and execution process; post-acquisition management; and exiting and value realization. The Advisers seek to acquire Portfolio Companies with attractive market positions that can grow significantly, and pursue Portfolio Company candidates that generally meet the criteria described above for each respective Fund and which have what the Advisers believe to be good growth prospects.

While Riverside is a generalist investor that tends to focus on companies that reflect the criteria above, Riverside has also developed industry specializations in areas where it has completed a significant number of transactions and has particular knowledge. In these areas of concentration, which include health care, education and training, franchising, and software and related services. Riverside uses its industry specialization as a marketing tool to reach out to intermediaries serving these niches, and to sellers seeking a buyer that has a competitive advantage in their industry.

For each Portfolio Company, the Advisers seek to identify a clear and credible strategy both to increase earnings and qualitatively improve the company, thereby optimizing its exit valuation.

Risks Relating to an Investment in the Funds

Each Fund and its investors bear the risk of loss that the applicable General Partner's investment strategy entails. The risks involved with each General Partner's investment strategy and an investment in a Fund include, but are not limited to:

Long-Term Nature of Investment; No Assurance of Investment Return. The relevant Adviser's task of identifying and negotiating investment opportunities, managing such investments and realizing a significant return for investors is typically a long, time-consuming process with no certainty of return of investment. There will likely be little if any near-term cash flow available to the Limited Partners, and there is no assurance that any Fund will be able to invest its capital on attractive terms, generate returns for the Limited Partners or return the capital contributed by them.

Dependence on Key Personnel. The success of each Fund will be highly dependent on the financial and managerial expertise of Messrs. Béla Szigethy and Stewart Kohl (the "**Managing Members**") and the managers of the relevant Fund (together with the Managing Members, the "**Principals**"), and other individuals employed by the Advisers or their affiliates. Limited Partners will be relying entirely on such persons to manage the business of the relevant Fund. There can be no assurance that the Principals or the other key investment professionals will continue to be associated with or employed by the Advisers or their affiliates throughout the life of the relevant Fund. The loss of one or more of these individuals could have a material adverse effect on the performance of such Fund.

Limited Prior History; Relation of Previous Investment Programs. Certain of the Funds have a limited operating history. The prior investment results of the Advisers are not indicative of such Funds' future investment results. The nature of and risk associated with a Fund's future investments may differ substantially from those investments and strategies undertaken historically by the Principals or any other person described herein. Past performance is not necessarily indicative of future results, and is no guarantee of future performance. There can be no assurance that a Fund's investments will perform as well as the past investments of the Principals or any other person described herein or that such Fund will be able to avoid losses.

Risks Relating to Non-U.S. Investments. Certain non-U.S. investments involve risks and special considerations not typically associated with U.S. investments. Such risks may include but are not limited

to (i) differing business cultures and legal regimes, (ii) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets, (iii) currency exchange rate fluctuations, (iv) higher rates of inflation, (v) controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital and on a Fund's ability to exchange local currencies for U.S. dollars, (vi) greater governmental involvement in and control over the economies, (vii) differences in auditing and financial reporting standards, which may result in the unavailability of material information about issuers, (viii) less extensive regulation of the securities markets, (ix) longer settlement periods for securities transactions, (x) differences in tax regimes and changes in tax treaties and (xi) less developed corporate laws regarding fiduciary duties and the protection of investors.

Risks Related to a Fund's Investments in Portfolio Companies

Difficulty of Locating Suitable Investments; Competitive Marketplace. The success of each Fund will depend on the relevant Principals' ability to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments on terms favorable to such Fund. Riverside employs dedicated personnel ("**Sourcing Professionals**") to identify attractive investment opportunities suitable for each Fund. Although in the past, the Sourcing Professionals have found a sufficient number of suitable investment opportunities that meet Riverside's investment objectives, there are no assurances that there will be, or the Sourcing Professionals will find a sufficient number of, suitable investment opportunities to enable a Fund to invest all of its committed capital in opportunities that satisfy such Fund's investment objectives, or that such investment opportunities will lead to completed investments by such Fund. Many of the investment opportunities identified by the Sourcing Professionals are through auctions or limited auctions where there is a substantial amount of competition among prospective buyers of these companies, including other private equity firms. There can be no assurances that once Riverside identifies an investment opportunity the seller will select Riverside to acquire the relevant Portfolio Company. Further, even if Riverside is selected, there can be no assurances that the Portfolio Company will still be deemed an appropriate investment opportunity for the Fund after due diligence is completed.

Nature and Illiquidity of Fund Investments. Almost all of the Funds' investments will be highly illiquid, and there can be no assurances that any Fund will be able to realize a positive return on such investments. The illiquidity of the Funds' investments is the result of several factors, including the following:

- Each Fund generally will invest in illiquid securities of privately held companies, and will often seek to generate returns by selling these securities in a private sale to a strategic buyer or to another private equity firm. There can be no assurances that any Fund will be able to complete sales of Portfolio Company securities at attractive prices and otherwise on acceptable terms and conditions.
- Each Fund may also attempt to sell Portfolio Company securities in a public offering. Any such public offering of securities would require a substantial investment of time and attention by the Principals and other key investment professionals and a substantial cash expense by the Portfolio Company whose securities are being registered, in part because the laws of the U.S. and the regulations of applicable securities exchanges can be quite burdensome and complex in connection with such an offering. There can be no assurances a market for the securities of any Portfolio Company would exist even following a public offering.
- The cultivation of an investment for disposition, together with the disposition itself, may involve a substantial amount of time. Even when an investment is successfully disposed,

some of the consideration may be deferred through the use of lock ups, earn-outs, promissory notes, escrows, holdbacks and other similar arrangements.

A significant portion of each Fund's investments will be in equity or equity-related investments which, by their nature, involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that can result in substantial loss of principal. There can be no assurance that the Principals and other key investment professionals will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. A variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Fund's activities. As a result, such Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods or over the life of the Fund.

A portion of each Fund's investments may involve turnaround or under-performing companies or companies identified by the Principals as being in need of additional capital. The financial condition of such companies may be weak or their balance sheets highly leveraged and any investments in them may involve additional risk.

Current Market Conditions. General global economic and other market conditions, including interest rates, the availability of financing, the price of securities and participation by other investors in the financial markets, may affect a Fund's activities, including the value and number of investments made by such Fund. Moreover, the securities of the Portfolio Companies could be adversely affected by changes in the general economic climate or the economic factors affecting a particular industry, changes in tax law or specific developments within such companies or interest rate movements. A significant portion of each Fund's investments will be in equity securities, which may be among the more junior securities in a Portfolio Company's capital structure, and, thus, may be subject to greater risk of loss.

Leverage. Each Fund will use leverage when making investments in Portfolio Companies. In addition, a Fund may increase the leverage of a Portfolio Company by using promissory notes or other indebtedness issued by the Portfolio Company as part of the purchase consideration. Although the relevant Adviser will seek to use leverage on behalf of each Fund in a manner the Principals believe is prudent, the leveraged capital structure of Portfolio Companies will increase the exposure of those companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the Portfolio Company or its industry. Because a portion of the securities in which a Fund will invest will likely be among the most junior in a Portfolio Company's capital structure, the inability of a Portfolio Company to service its debt obligations could result in a loss of principal in such Fund's investments.

Need for Additional Capital, Support Equity and Add-on Acquisitions. A Fund may be called upon by the Principals to provide follow-on funding for Portfolio Companies for support equity or to finance add-on acquisitions. There can be no assurance that such Fund will have sufficient capital to do so, and, even if it does have sufficient capital, it may be limited by restrictions on the amount of capital it can invest in any one Portfolio Company and its affiliates. Any decision by the Principals not to invest additional capital, or such Fund's inability to invest additional capital, may have a substantial negative impact on a Portfolio Company in need of such an investment or may diminish such Fund's ability to influence the Portfolio Company's future development.

Portfolio Concentration. A Fund's portfolio may include a number of large positions. While the related portfolio concentration may enhance total returns to Limited Partners, if any large position has a material loss, then returns to the Limited Partners may be lower than if they had invested in a more diversified portfolio.

General Business Risks. The investment results of each Fund will depend on the performance of its related Portfolio Companies. Such Portfolio Companies could pursue incorrect business strategies or encounter operating difficulties that could lead to losses in such Fund's investments.

Bankruptcy of Portfolio Companies. A Fund may make investments in Portfolio Companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of such Fund. There is also a risk that a court may subordinate a Fund's investment to other creditors or require a Fund to return amounts previously paid to it by a Portfolio Company that became insolvent or files for bankruptcy, a risk that could increase if such Fund has management rights in such Portfolio Company.

Unspecified Use of Proceeds. Purchasers of interests in a Fund will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding any future investments made by such Fund and, accordingly, will be dependent upon the judgment and ability of the Advisers and the Principals in investing and managing the capital of such 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.

Certain Investments May Be Made Outside of a Fund's Investment Objectives (RCAF V only). Subject to certain tax-related investment restrictions set forth in RCAF V's Partnership Agreement, RCAF V is permitted to invest up to 15% of its committed capital in transactions that fall outside the investment objectives described in the Partnership Agreement. As a result, there are few limitations on the types of investments that Riverside Partners and RCAF V GP may make using this capital. For example, this capital may be invested in the following types of transactions that would otherwise be prohibited under the Partnership Agreement: real estate; oil and gas; derivatives; or other securities as determined by Riverside Partners and RCAF V GP in their sole discretion. Purchasers of interests in RCAF V are dependent upon the judgment of Riverside Partners and RCAF V GP in selecting these investments.

Risks Related to Management of the Fund and its Investments

Risks Arising from Provisions of Managerial Assistance. The Advisers generally seek to conduct each Fund's operations so that such Fund's assets are not treated as plan assets as defined under Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the regulations thereunder (the "**Plan Asset Regulations**") including, without limitation, by qualifying a Fund as a "venture capital operating company." To qualify as a venture capital operating company, at least 50% of the relevant Fund's assets must be invested in qualifying venture capital investments under the Plan Asset Regulations, which will require the Fund to obtain rights to participate substantially in and to influence substantially the conduct of the management of the Portfolio Companies comprising qualifying investments. A Fund will typically designate directors to serve on the boards of directors of Portfolio Companies. The designation of directors and other measures contemplated could expose the assets of such Fund to claims by a Portfolio Company, its security holders and its creditors. While the Advisers intend to manage each Fund in a way that will reduce exposure to such risks, the possibility of successful claims cannot be precluded.

ERISA-Related Risks. To the extent a Fund is operated to maintain qualification as a venture capital operating company, such Fund could be precluded from making certain investments. In addition, attempting to maintain such qualification could further require such Fund to accelerate or delay the liquidation of Fund investments, resulting in lower proceeds to such Fund than might have been the case without the need for qualification. If a Fund's assets are treated as plan assets, interests of certain investors that are "benefit plan investors" within the meaning of Section 3(42) of ERISA could be fully or

partially redeemed, or the Fund could be dissolved, in certain circumstances. In addition, for any period of time that a Fund's assets are deemed to be plan assets, the operations of such Fund and its investments could be restricted by ERISA's prohibited transaction and fiduciary rules. These risks may adversely affect all investors, not just those that are benefit plan investors.

Time and Attention of Principals. The Managing Members and the Principals intend to devote a portion of their time and attention to the management of each Fund, but are also responsible for managing certain other Funds and may in the future organize, sponsor, manage and operate additional investment funds (subject to the limitations described in the relevant Partnership Agreement). The Principals are also permitted to pursue certain other business activities outside the Fund. Nothing contained herein or in any Partnership Agreement will restrict or prohibit the Principals, any General Partner or Management Company, or their respective affiliates in this regard.

Diverse Limited Partner Group. The Limited Partners include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. As a result, Limited Partners may have conflicting investment, tax and other interests with respect to their investments in any Fund. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of investments made by such Fund, the structuring of the acquisition of investments and the timing of the disposition of investments and the various tax laws applicable to various Limited Partners. As a consequence, conflicts of interest may arise in connection with decisions made by the Advisers, including with respect to the nature or structuring of investments, that may be more beneficial for one Limited Partner than for another Limited Partner, especially with respect to Limited Partners' individual tax situations. Subject to specific provisions outlined in each Partnership Agreement and Memorandum, the relevant Advisers will generally consider the investment and tax objectives of the relevant Fund and its Limited Partners as a whole in making investments, and will use reasonable best efforts to structure portfolio investments in as tax-efficient a manner as possible.

Carried Interest. The generation of "carried interest" by a Fund on behalf of the relevant General Partner may create an incentive for such General Partner to cause such Fund to make riskier or more speculative investments than would be the case in the absence of this arrangement. In addition, the existence of "carried interest" may create conflicts of interest with respect to the management and disposition of investments, including the timing of dispositions.

Management Fee and Fund Expenses. Each Fund will pay its relevant Management Fee and certain costs and expenses, which will reduce actual returns to investors. These fees and expenses will be paid regardless of whether the Fund produces positive investment returns. If a Fund does not produce significant positive investment returns, its fees and expenses could reduce the amount of the investment recovered by a Limited Partner to an amount less than the amount contributed by the Limited Partner to such Fund for investments in Portfolio Companies. The Advisers or their affiliates may receive certain fees from Portfolio Companies and/or in connection with consummated and unconsummated transactions (*i.e.*, directors' fees, consulting fees, any transaction and certain other fees). If received, only a portion of such fees will be for the benefit of the Limited Partners.

Public Disclosure Obligations. A Fund may be required to disclose confidential information relating to its investments and its financial results to third parties that may request such information if and to the extent required by law. Such disclosure obligations may adversely affect certain Limited Partners, particularly Limited Partners who are not otherwise subject to public disclosure of information relating to the private holdings of the fund in which they invest.

Risks Related to the Disposition of Investments in Portfolio Companies

Contingent Liabilities on Disposition. In connection with the disposition of its investments, a Fund will be required to make representations about the business and financial affairs of the Portfolio Company being sold. Such 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 such Fund to contingent liabilities that ultimately might yield funding obligations that must be directly or indirectly satisfied by the Limited Partners, to the extent required by the Partnership Agreement.

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

Distributions in Kind. Although, under normal circumstances, each Fund intends to make distributions in cash, it is possible that under certain limited circumstances (including the liquidation of a Fund), distributions may be made in kind and could consist of securities for which there is no readily available public market or securities of entities unable to meet required interest or sinking fund payments.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of Portfolio Companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States ("GAAP"). There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

Other Risks

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

Penalty for Failure to Make Capital Contributions. Forfeiture of all or a portion of a Limited Partner's interest could occur upon failure to make any installment payment of its Commitment, including amounts relating to Management Fees.

Indemnification. The relevant General Partner and Management Company, the members of the relevant Fund's Advisory Committee, and their respective members, partners, officers, directors, shareholders, employees, advisors, agents, affiliates and personnel will be entitled to indemnification out of the assets of each Fund (excluding certain leverage), except in certain limited circumstances. Limited

Partners may be required to make capital contributions and return distributions to satisfy indemnification obligations. Such obligations will survive the dissolution of the relevant Fund.

Tax, Regulatory and Legal Risks. The regulatory considerations affecting the ability of each Fund to achieve its investment objectives are complicated and subject to change. In addition, other tax, regulatory and legal changes could occur during the term of a Fund that may adversely affect such Fund.

Individual Tax Situations. There can be no assurance that the structure of a Fund or of any investment will be tax-efficient to any particular investor. Investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax exempt and non-U.S. investors, with regard to any special issues that an investment in the Fund may raise for such investors.

Phantom Income. There can be no assurance that a Fund will have sufficient cash flow from other sources to permit it to make annual distributions in the amount necessary to pay all tax liabilities resulting from Limited Partners' ownership of interests in such Fund.

Conflicts of Interest

From time to time, an Adviser will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of such Adviser. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest among the investors in such investment vehicles. Each Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by such Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the relevant Fund, other Funds and such investment vehicles in a fair and equitable manner. Where necessary, the General Partner consults and receives consent to conflicts from the Advisory Committee of the relevant Fund and such other investment vehicles. If such consent is obtained, the relevant Fund and such other Funds may purchase different classes of debt and/or equity of the same portfolio company.

The Principals and the Advisers' investment staff will continue to manage and monitor such investments until their realization. The General Partners believe that the significant investment of the Principals in a Fund, as well as the Principals' interest in the carried interest with respect to such Fund, operate to align the interest of the Principals with the interest of the investors in the Fund, although the Principals have economic interests in other Funds as well and receive Management Fees and carried interest therefrom. Other investments that the Principals may control may potentially compete with companies acquired by the relevant Fund.

Because a General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for such General Partner to cause the relevant Fund to make riskier or more speculative investments than would otherwise be the case. Since the General Partner may be permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving or exiting transactions.

DISCIPLINARY INFORMATION

The Advisers and their management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Riverside Partners is affiliated with other Riverside investment advisers registered with the SEC under the Advisers Act pursuant to Riverside Partners' registration in accordance with SEC guidance. These advisers are Riverside Asia, Riverside Europe, Riverside Cayman, RCAF 2000 GP, RCAF 03 GP, RCAF V GP, RMCF I GP, RMCF II GP, RAF I GP, REF II GP, REF III GP and REF IV GP. These affiliated investment advisers operate as a single advisory business together with Riverside Partners and serve as general partners or management companies, as applicable, of the relevant Funds and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Advisers have adopted the Riverside Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Riverside Principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Riverside personnel to report their personal securities transactions and prohibits Riverside personnel from directly or indirectly acquiring or disposing of beneficial ownership of securities, with limited exceptions, without first obtaining approval from the Riverside Chief Compliance Officer. A copy of the Code will be provided to any investor or prospective investor upon request to Béla R. Schwartz, the Riverside Chief Compliance Officer, at (212) 265-6575. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

The Advisers and their affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of an Adviser.

Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Riverside personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and current and former employees of the Advisers and their affiliates may directly or indirectly own an interest in the Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by Riverside (the "**Reference Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Reference Funds or may give

priority with respect to investments to such Reference Funds. Some of these restrictions could be waived by investors (or their representatives) in such Reference Funds.

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers may also distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. Under such “soft dollar” arrangements, securities transactions are executed through a broker-dealer that charges more than the lowest available commission rate in exchange for the provision of brokerage and research services, which may include: (i) furnishing advice as to the value of securities and the advisability of investing, purchasing or selling securities; (ii) furnishing analysis and reports concerning issuers, securities and performance of accounts; or (iii) effecting securities transactions and performing functions incidental to such transactions, such as clearance, settlement and custody. An Adviser may enter into “soft dollar” arrangements only where it reasonably believes that the services benefit the applicable Fund, and that the amount of commission is reasonable in relation to the value of the brokerage and research services provided.

The Advisers currently do not engage in soft dollar transactions, but may engage in soft dollar transactions in the future in accordance with the limitations of Section 28(e) of the Securities Exchange Act of 1934, as amended.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that an Adviser engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for the Funds are completed independently, an Adviser may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, an Adviser may, but is not

obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Principals closely monitor companies in which the Funds invest, and the Riverside Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Limited Partner receives quarterly unaudited financial statements of the applicable Fund, a statement of their capital account balance and summary financial and other information on each Portfolio Company. On an annual basis, each Limited Partner also receives audited financial statements of the applicable Fund prepared under U.S. GAAP and, with respect to U.S. investors, information necessary for U.S. federal income tax reporting.

CLIENT REFERRALS AND OTHER COMPENSATION

The Management Companies and/or their affiliates may provide certain business or consulting services to Portfolio Companies and may receive compensation from these Portfolio Companies in connection with such services. As described in the applicable Partnership Agreement, this compensation may, in many cases, offset all or a portion of the Management Fees paid by the Funds. Reimbursements for out-of-pocket expenses directly related to a Portfolio Company may be paid to the Management Companies in addition to Management Fees. See “Fees and Compensation.”

From time to time, the Advisers and/or their affiliates may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a Limited Partner in a Fund or other Funds. Any fees and expenses payable to any such third party consultants will generally be borne by the relevant Adviser and/or its affiliates, subject to the provisions of the applicable Partnership Agreement.

CUSTODY

The Advisers maintain custody of the Funds’ assets held in the applicable Fund’s name with the following qualified custodians:

- JPMorgan Chase Bank, N.A., 500 Stanton Christiana Road, Newark, DE 19713-2107;

- BMO Harris Bank N.A., 111 West Monroe Street, 9th Floor East, Chicago, IL 60603; and
- KeyBank, N.A., 127 Public Square, Cleveland, OH 44114-1306.

INVESTMENT DISCRETION

Each Adviser has discretionary authority to manage investments on behalf of the Funds. As a general policy, the Advisers do not allow clients to place limitations on this authority. The Advisers assume this discretionary authority pursuant to the terms of the Partnership Agreements and powers of attorney executed by the Limited Partners. Pursuant to the terms of certain Partnership Agreements, however, the Advisers or the relevant Fund may enter into “side letter” arrangements or other similar agreements with certain Limited Partners whereby the terms applicable to such Limited Partner’s investment in a Fund may be altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other similar reasons. Such agreements generally are subject to a requirement that such rights or other terms be offered to all investors in the relevant Fund.

VOTING CLIENT SECURITIES

In accordance with SEC requirements, the Advisers have adopted the Riverside Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for the Funds’ portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the applicable Fund, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Funds’ investors through the Principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest between an Adviser and a Fund in voting proxies, the Proxy Policy provides that such Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the relevant Advisory Committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, for future Funds, the relevant Advisory Committee may approve an Adviser’s vote in a particular solicitation. The Advisers do not consider service on Portfolio Company boards by Riverside personnel or the Advisers’ receipt of management or other fees from Portfolio Companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Funds. A copy of the Advisers’ complete Proxy Policy or information regarding how the Advisers voted proxies for particular Portfolio Companies will be provided to investors or prospective investors at no charge upon request to Béla R. Schwartz, the Riverside Chief Compliance Officer, at (212) 265-6575.

FINANCIAL INFORMATION

The Advisers do not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.

SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF RIVERSIDE

Béla Szigethy

Educational Background and Business Experience

Together with Stewart Kohl, Mr. Szigethy oversees all aspects of Riverside's activities. He has 30 years of corporate finance experience, including 24 years as a leveraged buyout investor with Riverside. Prior to founding The Riverside Company in 1988, he was a vice president in the leveraged acquisition department of Citibank, where he worked for seven years. Mr. Szigethy holds a BA from Oberlin College and a Master's of International Affairs in International Finance from Columbia University. Mr. Szigethy was born in 1955.

Disciplinary History

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

Other Business Activities

Mr. Szigethy is not engaged in any investment-related business outside of his roles with Riverside and its affiliated investment advisers.

Additional Compensation

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

Supervision

As the founder and a co-CEO of Riverside, Mr. Szigethy is part of a team that is responsible for implementing and overseeing the investment strategy of Riverside. Mr. Szigethy is not subject to the direct supervision of any other individual. The Chief Compliance Officer of Riverside, Béla R. Schwartz, supervises the actions of Mr. Szigethy with respect to the Riverside Compliance Program, which includes policies governing giving advice to clients. Mr. Schwartz can be reached by calling (212) 265-6575.

Stewart Kohl

Educational Background and Business Experience

Together with Mr. Béla Szigethy, Mr. Stewart Kohl oversees all aspects of Riverside's activities. He has 23 years of leveraged buyout investing experience, including 19 years with Riverside. Prior to joining Riverside in 1993, he was a vice president of Citicorp Venture Capital, the private equity arm of Citibank. Mr. Kohl holds a BA from Oberlin College. Mr. Kohl was born in 1955.

Disciplinary History

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

Other Business Activities

Mr. Kohl is not engaged in any investment-related business outside of his roles with Riverside and its affiliated investment advisers.

Additional Compensation

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

Supervision

As a co-CEO of Riverside, Mr. Kohl is part of a team that is responsible for implementing and overseeing the investment strategy of Riverside. Mr. Kohl is not subject to the direct supervision of any other individual. The Chief Compliance Officer of Riverside, Béla R. Schwartz, supervises the actions of Mr. Kohl with respect to the Riverside Compliance Program, which includes policies governing giving advice to clients. Mr. Schwartz can be reached by calling (212) 265-6575.