

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**BISON CAPITAL ASSET MANAGEMENT, LLC**

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**March 30, 2018**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Bison Capital Asset Management, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (310) 260-6572. 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.**

The Management Company 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 the Management Company is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

Since the last version of this Brochure dated July 17, 2017, the Brochure has been revised to update the description of the advisory business of Bison (as defined below).

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## ADVISORY BUSINESS

Bison Capital Asset Management, LLC (the “**Management Company**”), the registered investment adviser, is a Delaware limited liability company. The Management Company commenced operations in January, 2003. The following investment advisers are affiliated with the Management Company:

- Bison Capital Equity Partners, LLC (“**Fund I GP**”)
- Bison Capital Partners II, LLC (“**Fund II GP**”)
- Bison Capital Partners III, LLC (“**Fund III GP**”)
- Bison Capital Partners IV GP, L.P. (“**Fund IV GP**”)
- Bison Capital Partners V GP, L.P. (“**Fund V GP**”)

(each, a “**General Partner**” and together with the Management Company and their affiliated entities, “**Bison**”)

Each General Partner listed above is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner, which operate as a single advisory business together with the Management Company.

Bison provides discretionary investment advisory services to its clients, which consist of private investment-related funds. Bison’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which Bison provides investment advisory services, “**Funds**”):

- Bison Capital Structured Equity Partners, LLC (“**Fund I**”)
- Bison Capital Equity Partners II-A, L.P. (“**Fund II-A**”)
- Bison Capital Equity Partners II-B, L.P. (“**Fund II-B**”)
- Bison Capital Equity Partners III-B, L.P. (“**Fund III**”)
- Bison Capital Partners IV, L.P. (“**Fund IV**”)
- Bison Capital Partners V, L.P. (“**Fund V**”)
- Bison Capital Partners V-A, L.P. (“**Fund V-A**”)

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds are expected to invest through negotiated transactions in operating companies, generally referred to herein as “portfolio companies.” Bison’s investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the

terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, the senior principals or other personnel of Bison may serve on the boards of directors (or other governing bodies) of such portfolio companies held by the Funds or otherwise act to influence control over management of portfolio companies.

Bison's advisory services for each Fund are detailed in the applicable offering memorandum (each, a "**Memorandum**") and investment management agreement (each, a "**Management Agreement**"), limited partnership agreement (each, a "**Limited Partnership Agreement**") and/or limited liability company agreement (the "**Limited Liability Company Agreement**," and together with the Memorandum, Management Agreement and Limited Partnership Agreement, as applicable, the "**Governing Documents**"), and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in 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. The Funds or Bison may enter 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, including provisions relating to the Management Fee (as defined below) and distributions.

As of December 31, 2017, Bison managed approximately \$621.1 million in client assets on a discretionary basis and \$108.6 million in client assets on a non-discretionary basis.

The Management Company is principally owned by Douglas B. Trussler, Peter S. Macdonald, Yee-Ping Chu, Lou N. Caballero and Andreas T. Hildebrand.

## **FEES AND COMPENSATION**

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. The Governing Documents of the Funds describe fees, compensation and expenses in greater detail.

With respect to the Funds, each General Partner generally receives a management fee and a carried interest in connection with advisory services. The General Partners or other Bison entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation may offset in whole or in part the Management Fees (as defined below) and carried interest otherwise payable to Bison, as described in the Governing Documents. Investors in the Funds also bear certain fund expenses, as described below.

### **Management Fees**

Generally, a Fund during its investment period will pay the applicable General Partner a management fee (the "**Management Fee**") between 1.5% and 2% on an annual basis of aggregate Partnership investor capital commitments. Payment of the Management Fee will be made quarterly in advance. Generally, investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund, plus

interest, as applicable. The Management Fee may be reduced upon the expiration of the investment period or earlier upon the occurrence of certain other events as described in the applicable Governing Documents. The Management Fee generally will be payable until all portfolio investments are disposed and/or distributed or until the General Partner's relationship with the applicable Fund is terminated for other reasons (as described in the Governing Documents). Installments of the Management Fee payable for any period other than a full Management Fee determination period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee generally will be reduced by, or the applicable Fund will be reimbursed to the extent of, all or a portion of the directors' fees, financial consulting fees, advisory fees, transaction fees, break-up fees and certain other fees paid by portfolio companies to a General Partner, the Management Company or certain of their affiliates. To the extent that such an offset credit would reduce the Management Fee for a given Management Fee determination period below zero, the credit generally will be carried forward for future application against payable Management Fees.

Bison and/or its affiliates generally have discretion over whether to charge transaction fees or certain other fees to a portfolio company and, if so, the fee rate or amount. The receipt of such fees may give rise to conflicts of interest between the Funds, on the one hand, and Bison and/or its affiliates on the other hand. Portfolio company-related fees may include amounts prepaid in anticipation of future services or otherwise accelerated, which may be offset against the applicable Management Fee as set forth in the relevant Partnership Agreement.

As permitted under the Governing Documents for certain Funds, as applicable, the relevant General Partner may waive a portion of the Management Fee in exchange for a reduction in the General Partner's capital contribution obligation to such Fund and/or a corresponding interest in such Fund's profits. The investors in a Fund may be required to make a *pro rata* contribution according to their respective capital commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver as described above. Waived Management Fees are not subject to the Management Fee offsets described above and, accordingly, may delay the Management Fee offsets as further described in the applicable Governing Documents.

### **Carried Interest**

Each General Partner generally is entitled to a carried interest with respect to the relevant Fund of up to 20% of all realized profits (in certain cases subject to a specified annually compounded preferred return with a related General Partner catch-up provision), as more fully described in the Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of the life of a Fund if the relevant General Partner has received excess cumulative distributions. In certain circumstances and for certain Funds, a portion of the carried interest otherwise payable to the relevant General Partner may be shared with one or more investors in the Fund (either directly or through a reduction of amounts otherwise distributable to the General Partner with respect to such investor), as more fully described in the applicable Governing Document.

## **Other Information**

Bison generally has the right to exempt certain investors in certain Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption investment, through a separate class of ownership interests of a given Fund (*e.g.*, “special limited partner” interests), or by allowing such investors to invest through other vehicles which co-invest with the relevant investor’s Fund. For example, in instances where a Bison professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, certain Advisers may have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other employees of Bison may receive a portion of the Management Fee, carried interest or other compensation received by the General Partner.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. Each Fund generally will pay all other costs and expenses of the Fund that are not reimbursed by portfolio companies, generally including legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Fund’s financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board and annual meetings of the limited partners or members, as applicable; certain insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” each General Partner receives a carried interest allocation on certain realized profits in the Funds. A carried interest allocation represents an investment adviser’s compensation based on a percentage of net profits of the funds it manages. Bison currently only advises Funds that are subject to a carried interest, although the General Partners may exempt certain investors from all or a portion of a Fund’s carried interest, as described under “Fees and Compensation.” See “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

The existence of performance-based compensation has the potential to create an incentive for the General Partners to make more speculative investments on behalf of a Fund than they

would otherwise make in the absence of such arrangement, although Bison generally considers performance-based compensation to better align its interests with those of its investors.

## **TYPES OF CLIENTS**

Bison provides investment advice to Funds. Funds 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 investors participating in Funds may include individuals, banks or thrift institutions, 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 Bison and its affiliates. Substantially all of the interests of each of Fund I, Fund II-B and Fund III are held by a single third-party investor.

The Funds generally have a minimum investment amount of \$5 million for third-party investors. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act of 1940, as amended. The General Partners may waive such minimum investment amounts and qualification requirements.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

Bison typically seeks to make growth equity investments in fundamentally strong middle-market companies to finance their growth, balance sheet restructuring and/or recapitalization. Bison’s primary focus is investing in situations in which the founding entrepreneur or management team retains a significant ownership interest.

The following is a summary of the investment strategies and methods of analysis generally employed by Bison on behalf of the Funds. *There can be no assurance that Bison will achieve the investment objectives of the Funds and a loss of investment is possible.*

### **Investment and Operating Strategy**

Bison follows a “Structured Capital” investment strategy, which includes: (i) focusing on the lower middle market, (ii) sourcing transactions through less efficient channels, (iii) structuring creative transactions to maximize investment returns and distributions while ensuring capital preservation, (iv) enhancing value creation through an active value added partnership with management/owner post closing, and (v) bolstering investment returns through multiple exit paths. Bison’s history of success is based on adhering to these five tenets of Structured Capital investing.

*Focused on the Lower Middle Market.* Bison primarily invests in lower middle market companies, defined as having revenues between \$10 million and \$250 million. Bison focuses on the lower middle market for a number of reasons:

- Large and attractive set of investment opportunities;



- Lower middle market entrepreneurs have more limited capital alternatives as market is relatively inefficient;
- Many smaller companies seeking growth capital are not investment candidates for traditional private equity funds who are focused on control transactions, nor are they candidates for the majority of mezzanine funds who fund control buyouts and are not “sponsors” by nature;
- Large pool of fundamentally strong, entrepreneur-owned companies with aggressive growth objectives who want to build equity value for a future liquidity event and are more focused on finding the best financial partner versus the most efficient capital solution for the company;
- Compared to larger businesses within the same industry, valuations are typically lower and the cost of capital is generally higher, despite the fact that many lower middle market companies have more attractive growth prospects; and
- Significant opportunities for a sophisticated financial partner to add value to lower middle market businesses through strategic oversight, operational support, additional management support, strong financial and operational controls, and directed corporate finance and exit initiatives.

*Sourcing Negotiated Transactions.* Bison maintains a broad network of deal intermediaries, executives and operators and works with them to identify attractive investment opportunities in industry sectors that meet Bison’s criteria. Bison generally avoids formal auctions in favor of negotiated transactions primarily as a result of its sourcing channels and the opportunistic nature of the investments it makes. Bison’s broad network of longstanding relationships, well-established reputation, and differentiated Structured Capital approach helps to facilitate the origination of attractive investment opportunities outside of a traditional auction process.

*Structure Creatively.* While every deal requires tailored responses, Bison employs a variety of structures to (i) enhance investment return, (ii) provide meaningful distributions during the investment period, (iii) enhance capital preservation through a detailed credit support analysis and (iv) provide for multiple exit mechanisms. Importantly, Bison’s investment is typically in support of an event such as an acquisition, purchasing equity from non-active shareholders, growth plans, or recapitalization. Bison seeks to create customized structures that balance management’s objectives with Bison’s risk-return parameters for the Funds. In the past, Bison has developed higher coupon and lower equity participation structures for companies with strong free cash flows and/or management teams more sensitive to dilution. Conversely, Bison has also structured deals in higher growth companies with investment in equity securities protected with contractual minimum return on investment hurdles and liquidation preferences.

*Add Value.* The Bison Principals seek to partner with portfolio company management teams. The Principals are cognizant of creating a balanced relationship with management by providing financial, strategic and operating support as necessary, but at the same time respecting their operating autonomy. Bison has historically assisted management with strategic planning, financial structuring issues, introduction of new business contacts, asset divestitures, new acquisition opportunities, follow-on financings, hiring additional managerial talent, and

positioning for exit. The Principals have been involved in a variety of industries, such as transportation/logistics, healthcare products and services, business services, industrial products/services and manufacturing, and consumer product distribution/services, and have managed or advised companies through acquisitions, management changes, restructurings, strategy realignments, accelerated growth, new business and product line introductions, and realization goals.

*Executing Profitable Exits.* The Principals seek to generate returns by selecting investments and designing investment structures that allow for multiple exit alternatives. Bison expects a Fund's typical investment horizon to be three to five years. The method and timing of an exit are integral components to value creation, and Bison intends to only invest in a company for which the Principals believe there is a clear path to a viable exit strategy. During the initial phase of the investment process, Bison's exit expectations are discussed with management. If a common objective is not reached, the investment is not made. Bison favors investments that allow multiple exit opportunities, providing the Firm flexibility in its exit strategy depending upon a portfolio company's performance and market conditions.

## **Risks of Investment**

The Funds and their investors bear the risk of loss that Bison's investment strategy entails. Although the following risk factors are generally applicable to Bison's Funds, investors should also refer to each Fund's Memorandum for risk factors specific to their Fund. The risks involved with Bison's investment strategy and an investment in the Funds include, but are not limited to:

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

*Future and Past Performance.* The performance of Bison's prior investments is not necessarily indicative of a Fund's future results. While Bison 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 is possible.

*Leveraged Nature of Investments.* The portfolio companies in which a Fund invests may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on a Fund's investments when due. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. A Fund's investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund.

*Concentration of Investments.* The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or industries may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity and mezzanine transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, investors will be required to pay annual Management Fees during the commitment period based on the entire amount of their commitments.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. For certain investments, the return of capital and the realization of gains, if any, may occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the applicable General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the investors.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested with the General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of Bison. The loss or reduction of service of one or more of the principals of Bison could have an adverse effect on the Fund's ability to realize its investment objectives. Although the General Partners will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company 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 effect on the reliability of projections.

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

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund's activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

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

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the

Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Non-controlling Investments.* A Fund may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

*Public Company Holdings.* A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the a to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Bison principals, and increased costs associated with each of the aforementioned risks.

*Director Liability.* In certain circumstances, a Fund is expected to receive the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

*Market Conditions.* Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Following the onset of the recent credit crisis, the rate of future investment by funds has slowed and may continue to do so as the pricing of new transactions adjusts to reflect the current economic uncertainty and the lack of credit in the markets. Holding periods are also likely to be longer as the rate of realizations slows in light of the deterioration in market conditions for initial public offerings and a decline in mergers and acquisitions activity. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of the credit crisis may also affect a Fund's ability to raise funding to support its investment objective and also the level of

profitability achieved on realizations of investments. In addition, there have been some recent indications of exuberance returning to the financing markets, which could have the impact of lowering returns on investments and the need for market participants to take greater risk in order to be competitive.

*Material Non-Public Information.* As a result of the operations of Bison and its affiliates, Bison frequently comes into possession of confidential or material non-public information. Therefore, Bison and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, the Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Bison's internal policies. Due to these restrictions, the Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

*Valuation of Investments.* Generally, the General Partner will determine the value of all the 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 the Fund's investments because, among other things, the securities of portfolio companies held by the Fund generally will be illiquid and not quoted on any exchange. The General Partner will determine the value of all the Fund's investments that are not readily marketable based on an analysis of various data points using a combination of the following valuation methods: public company comparable multiples, precedent transaction comparable multiples, and discounted cash flows analysis. There can be no assurance that the General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information or valuations provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the General Partner with respect to an investment will represent the value realized by the 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 Fund's investment portfolios and risks, and may also affect the diversification and management of the Fund's portfolio of investments.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Bison or one of its service providers holding its financial or investor data, Bison, its affiliates or the Funds may also be at risk of loss.

## Conflicts of Interest

Bison and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management and other services to Funds and portfolio companies. Bison will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Limited Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Bison conducting its activities, the interests of a Fund may conflict with the interests of Bison, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Bison will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the commitment period of a Fund, Bison pursues all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions, as described in the applicable Governing Documents. However, Bison may manage other investment funds and investments similar to those in which the Funds invest, and may direct certain relevant investment opportunities to those investment funds and investments. Bison's investment staff will continue to manage and monitor such investment funds and investments. Bison's significant investment in a Fund, as well as Bison's interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of Bison with the interest of the investors in such Fund, although Bison may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that Bison may control may compete with a Fund or companies acquired by such Fund. Following the commitment period of a Fund, Bison may, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Bison will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of Bison. In determining which investment vehicles should participate in such investment opportunities, Bison and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Bison attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Bison's advisory affiliates to investors in investment vehicles managed by them. Investments by more than one Fund in a portfolio company may also raise the risk of using assets of a Fund to support positions taken by Funds of Bison. When and to the extent that employees and related persons of Bison and its affiliates make capital investments in or alongside certain Funds, Bison and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Bison's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Bison will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Bison may be subject, discussed herein, did not exist.

After Bison determines if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund, any such excess may be offered to one or more potential co-investors (including limited partners in Fund or future Fund and other third party co-investors), as determined by the applicable Limited Partnership Agreements and side letters. Bison's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: knowledge and experience in financial and business matters necessary to make the investor capable of evaluating the merits and risks of the prospective investment, expertise in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory and/or securities law considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); and other appropriate factors.

Bison may be presented with opportunities to seek financing and other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in the lending business or other businesses, respectively. This has the potential to subject Bison to conflicts of interest, because although Bison selects lending and other service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of a Fund, Bison may have an incentive to pursue financing opportunities with certain limited partners because of its financial or other business interest, including a limited partner's historical or potential future relationship with Bison and Fund investments made or to be made by a limited partner.

Bison's exercise of discretion in allocating investment opportunities may, and often will, result in disproportionate allocations among investors that have expressed interest in co-investment opportunities, and such allocations will likely be more or less advantageous to some such investors relative to other such investors. Co-investment opportunities may, and typically will, be offered to some and not to other Bison investors.

Investment opportunities may be appropriate for multiple Funds and other investors (including co-investment vehicles sponsored by Bison and individual limited partners co-investing in a transaction) at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of each such investment, particularly where certain Funds and other investors are intended to invest in different types of securities (with different priorities and/or returns potential) in a single portfolio company. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a



restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds and other investors that have invested in different securities within the same portfolio company. Given the nature of such conflicts and applicable legal constraints (including bankruptcy laws), there can be no assurance that any such conflict will be resolved in a manner that proves to be beneficial to a Fund. In addition, where multiple Funds or a Fund and other investors (including co-investment vehicles sponsored by Bison and individual limited partners co-investing in a transaction) invest in different parts of the capital structure of a particular company, their respective interests may diverge significantly in the case of financial distress of the company. For example, if additional financing is necessary as a result of financial difficulties, it may not be in the best interests of the Fund to provide such additional financing. If such other investors have the potential to incur a loss on their investment as a result of such difficulties, Bison's ability to recommend actions in the best interests of the Fund may be impacted.

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

Because each General Partner's carried interest is based on a percentage of net realized profits of a Fund, it may create an incentive for Bison to cause such Fund to make riskier or more speculative investments than would otherwise be the case. However, Bison believes that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of Bison with that of the Funds.

As a result of the Funds' controlling and non-controlling interests in portfolio companies, Bison and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Bison and/or its affiliates. Bison and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Bison and/or its affiliates. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by Bison and/or its affiliates that may regularly provide services to one or more portfolio companies), and such fees will not offset the Management Fee as described herein. Any of these situations subjects Bison and/or its affiliates to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse Bison or service providers retained at Bison's discretion for expenses (including without limitation travel expenses) incurred by Bison or such service providers in connection with its performance of services for

such portfolio company. This subjects Bison and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. Bison determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to Bison or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Bison, are reimbursed by a Fund and/or its portfolio companies, Bison may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Since the General Partners are permitted to retain certain fees (as described under “Fees and Compensation”) in connection with Fund investments, Bison could have a conflict of interest in connection with approving transactions and setting such compensation. Bison manages such conflicts by offsetting the Management Fee by a specified percentage of such fees and by a General Partner’s interest in the carried interest of a Fund. In addition, the potential conflict is further mitigated by the fact that such fees generally are negotiated with the applicable portfolio company’s management team.

Bison may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects Bison and/or its affiliates to potential conflicts of interest. Bison attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Bison’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Bison will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Bison consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

#### **DISCIPLINARY INFORMATION**

Bison and its 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**

As described under “Advisory Business” above, the Management Company is affiliated with the General Partners, which are registered with the SEC under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. The General Partners operate as a single advisory business together with the Management Company and serve

as general partners of the Funds and other pooled vehicles 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**

Bison has adopted a Bison Code of Ethics and Securities Trading Policy (the “**Code**”), which sets forth standards of conduct that are expected of Bison principals and employees and addresses certain conflicts that may arise from personal securities trading. The Code requires Bison personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to the Bison Chief Compliance Officer at (310) 260-6572. Personal securities transactions by Bison personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Bison and its affiliated persons may come into possession, from time to time, of material non-public 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, Bison and its 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 Bison.

Accordingly, should Bison or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, Bison would be prohibited from communicating such information to clients, and Bison 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 Bison personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Bison and its affiliates may directly or indirectly own an interest in the Funds or 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 the Funds. Bison may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in portfolio companies or otherwise to have priority in co-investment opportunities.

The Funds may invest together with other Funds advised by an affiliated adviser of Bison in the manner set forth in the Governing Documents. Bison will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its

fiduciary obligations, the underlying documents for the relevant Fund and the Bison investment allocation policy.

Bison and its 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 that 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.

### **BROKERAGE PRACTICES**

Bison focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Bison may also distribute securities to investors in the Funds or sell such securities, including by using a broker-dealer, if a public trading market exists. Although Bison does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Bison sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Bison. In such event, Bison will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Bison 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; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

Bison has 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 Bison generally seeks competitive commission rates, it 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 Bison seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Bison generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of Bison’s Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Bison, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Bison allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving

such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution.

Bison does not anticipate engaging in significant public securities transactions; however, to the extent that Bison 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 any Funds are completed independently, Bison may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Bison 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.

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. 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, Bison closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

Bison will generally provide to its investors (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each investor's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed in the "Fees and Compensation" section, Bison may receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Governing Documents, this compensation may, in certain circumstances, offset all or a portion of the Management Fees paid by the Fund. However, in other circumstances, these fees would be in addition to Management Fees.

From time to time, Bison may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an investor in a Fund. Any fees payable to any such placement agents generally will be borne by Bison directly or indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to

placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

### **CUSTODY**

As required by the Advisers Act, Bison has established accounts with the following qualified custodians to hold funds and securities on behalf of the Funds:

- Bermuda Commercial Bank Limited, PO Box HM 1748, Hamilton HM GX, Bermuda
- Wells Fargo Commercial Bank, 333 South Grand Avenue, Los Angeles, CA 90071

### **INVESTMENT DISCRETION**

Bison has discretionary authority to manage investments on behalf of Fund II-A, Fund IV, Fund V and Fund V-A. As a general policy, Bison does not allow clients to place limitations on this authority. Pursuant to the terms of the applicable Governing Documents, however, Bison may enter into side letter arrangements with certain investors whereby the terms applicable to such investor'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 agreed-upon reasons. Bison assumes this discretionary authority pursuant to the terms of the Governing Documents.

### **VOTING CLIENT SECURITIES**

Bison has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Bison votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Bison generally believes its interests are aligned with those of a Fund's 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 in voting proxies, the Proxy Policy provides that Bison may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve Bison's vote in a particular solicitation. Bison does not consider service on portfolio company boards by Bison personnel or Bison's 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 Bison when voting proxies on behalf of a Fund. If you would like a copy of Bison's complete Proxy Policy or information regarding how Bison voted proxies for particular portfolio companies, please contact the Bison Chief Compliance Officer at (310) 260-6572, and it will be provided to you at no charge.

### **FINANCIAL INFORMATION**

Bison does 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.