

**FIRM BROCHURE  
(PART 2A OF FORM ADV)**

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of SK Capital Partners, LP (“SK Capital” or the “Firm”). Unless otherwise specified, references herein to “SK Capital” or the “Firm” include SK Capital Partners, LP and its affiliated investment adviser, SK Capital Management IV, LP (the “Fund IV Management Company”).**

**If you have any questions about the contents of this Brochure, please contact Jerome Truzzolino at the phone number or email address listed above. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority. SK Capital is an investment adviser registered with the SEC under the Investment Company Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.**

**Additional information regarding SK Capital is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 – MATERIAL CHANGES**

SK Capital filed its most recent annual amendment on March 31, 2016. Since its most recent annual amendment, SK has updated this Brochure to reflect the conversion of SKCP Fund Management LLC to SK Capital Partners, LP and SK Capital Management IV, LLC to SK Capital Management IV, LP.

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## ITEM 4 – ADVISORY BUSINESS

<b>Item 4.A</b>	<p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>Description of Advisory Firm</p> <p>SK Capital Partners, LP (“SK Capital” or “the Firm”) is a New York based investment management firm with expertise in driving growth and operational improvement in the Firm’s middle market focus sectors. SK Capital’s focus sectors are specialty materials, chemicals and healthcare businesses and the Firm’s managing directors (the “Managing Directors”) collectively have substantial operating and investment experience within these sectors.</p> <p>The Firm and its affiliated registered investment advisers, SK Capital Investment II, LLC (“Fund II GP”), SKCI II Blue AIV-GP, L.P. (“Blue II GP”), SK Capital Investment III, LLC (“Fund III GP”), SK Capital Investment IV, L.P. (“Fund IV GP”), SKCI III Glades AIV-GP, LP (“Glades GP”), SKCI III Blue AIV-GP, LP (“Blue III GP,” together with Fund II GP, Blue II GP, Fund III GP, Fund IV GP and Glades GP, the “General Partners), and SK Capital Management IV, LP (the “Fund IV Management Company,” the Fund IV Management Company together with the General Partners, the “Affiliated Advisers,” and the Affiliated Advisers together with SK Capital, the “Adviser”) provide discretionary investment advisory services, advising and managing the investment and reinvestment of assets for investment funds privately offered to qualified investors in the United States and elsewhere.</p> <p>The Adviser’s clients include the following (each, a “Fund,” and together with any future private investment funds to which the Adviser or its affiliates provide investment advisory services, “Funds”):</p> <ul style="list-style-type: none"> <li>• SK Capital Partners II, L.P. (“Fund II”)</li> <li>• SKCP II Blue AIV, L.P. (“Blue II AIV”)</li> <li>• SKCP II Spice AIV, L.P. (“Spice II AIV”)</li> <li>• SKCP II Angel AIV, L.P. (“Angel II AIV”)</li> <li>• SKCP II Dionysus AIV, L.P. (“Dionysus II AIV”)</li> <li>• SK Capital Partners III, L.P. (“Fund III”)</li> <li>• SKCP III Glades AIV, LP (“Glades AIV”)</li> </ul>
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	<ul style="list-style-type: none"> <li>• SKCP III Blue AIV, LP (“Blue III AIV”)</li> <li>• SKCP III Rose AIV, LP (“Rose AIV”)</li> <li>• SKCP III Spice AIV, LP (“Spice III AIV”)</li> <li>• SKCP III Angel AIV, LP (“Angel III AIV”)</li> <li>• SKCP III Dionysus AIV, L.P. (“Dionysus III AIV”)</li> <li>• SKCP III Glades Co-Invest AIV, L.P. (“Glades Co-Invest AIV”)</li> <li>• SKCP III Spice Co-Invest AIV, L.P. (“Spice Co-Invest AIV”)</li> <li>• SK Capital Partners IV-A, L.P. (“Fund IV-A”)</li> <li>• SK Capital Partners IV-B, L.P. (“Fund IV-B,” and together with Fund IV-A, “Fund IV”)</li> </ul> <p>Fund II GP is the general partner of Fund II. In addition, Fund II GP is the general partner of a limited partnership that, together with Fund II, is an investor in a portfolio company of Fund II. Blue II GP is the general partner of Blue II AIV, Spice II AIV, Angel II AIV and Dionysus II AIV. Blue II AIV, Spice II AIV, Angel II AIV and Dionysus II AIV (together, the “Fund II Alternative Investment Vehicles”) are alternative investment vehicles formed, after the investment of all of the uncommitted capital of Fund II into Fund III at the initial closing of the latter, for the purpose of investing in certain portfolio companies of Fund III. Each Fund II Alternative Investment Vehicle has invested all of its assets in the corresponding Fund III Alternative Investment Vehicle (as defined below). For the sake of clarity, unless otherwise indicated, references herein to Fund II include the Fund II Alternative Investment Vehicles.</p> <p>Fund III GP is the general partner of Fund III and Rose AIV. Glades GP is the general partner of Glades AIV and Glades Co-Invest AIV. Blue III GP is the general partner of Blue III AIV, Spice III AIV, Angel III AIV, Dionysus III AIV and Spice Co-Invest AIV. Glades AIV, Blue III AIV, Rose AIV, Spice III AIV and Dionysus III AIV (together, the “Fund III Alternative Investment Vehicles”) are alternative investment vehicles formed for the purpose of investing in certain portfolio companies of Fund III. Glades Co-Invest AIV and Spice Co-Invest AIV (together, the “Fund III Co-Invest AIVs”) are co-investment vehicles formed for the purpose of co-investing with Fund III in certain portfolio companies of Fund III. For the sake of clarity, unless otherwise indicated, references herein to Fund III include the Fund III Alternative Investment Vehicles and the Fund III Co-Invest AIVs.</p>
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	<p>Fund IV GP is the general partner of Fund IV.</p> <p>The Adviser uses the collective operating and investment experience of its Managing Directors to provide advice to each Fund on how to generate long-term value for its limited partners by leveraging and enhancing the management and operating capabilities of the portfolio companies it invests in. This includes advising each Fund on augmenting management talent and processes to drive business improvement, driving revenue growth, improving operating efficiency, improving management of working capital, and completing strategic acquisitions and divestitures. Prudent use of leverage is also a critical component of the Adviser’s investment management strategy, as it provides management teams the appropriate degree of flexibility to address each business’ unique constraints, implement operational improvements, and pursue growth and acquisition plans. Although each Fund incorporates leverage into the capital structures of its portfolio companies, whether at the time of the initial investment or subsequently through recapitalizations, doing so is not intended to be a primary source of value creation.</p> <p>Management Team and Principal Owners</p> <p>Dr. Barry B. Siadat co-founded SK Capital in 2007 and is a Managing Director. Prior to SK Capital, Dr. Siadat was a Managing Director of Arsenal Capital Partners from January 2001 to April 2007, where he served on the Operating Committee and focused on the firm’s investments in specialty materials and chemicals. While at Arsenal, he was the Chairman of the Board of Arsenal portfolio companies Rutherford Chemicals, Reilly Industries, Sermatech International, Velsicol Chemical, and TallyGenicom, and served on the Board of Directors of Vertellus Specialties and Interdynamics. Prior to Arsenal, Dr. Siadat held senior management positions at AlliedSignal/Honeywell International, including Corporate Vice President and Chief Growth Officer, Vice President of Technology and Engineering, and President of Honeywell’s Avient Technologies subsidiary. Prior to AlliedSignal, Dr. Siadat was Vice President of Corporate Technology at W.R. Grace, a \$7.5 billion specialty chemicals and health care company. Dr. Siadat holds a B.S. from the University of Wisconsin, and an M.S. in Polymer Science and Engineering and Ph.D. in Chemical Engineering from the University of Massachusetts, Amherst. Dr. Siadat is Chairman of the Board of Aristech Acrylics and Ascend Performance Materials.</p> <p>Jamshid Keynejad co-founded SK Capital with Dr. Siadat (together the “Founding Partners”) and is a Managing Director. Mr. Keynejad throughout his career has acted as a principal and owner with extensive operating experience in manufacturing, distribution, commercial and residential housing development, specialty healthcare and service-related industries both in the U.S. and overseas. Prior to forming SK Capital he led numerous</p>
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	<p>investments, the most recent being Signet Diagnostic Imaging Services Group, a leading provider of medical imaging services. Mr. Keynejad received his BSE in mathematics from London University. Mr. Keynejad serves on the Board of Directors of Aristech Acrylics and Ascend Performance Materials.</p> <p>The principal owners of SK Capital Partners, LP and the Fund IV Management Company are the Founding Partners.</p> <p>Since its inception, the Firm's management has expanded with three additional Managing Directors Jack Norris, Aaron Davenport and Jim Marden. Four of five Managing Directors were previously senior members of Arsenal Capital. Certain of the other Managing Directors own profits interests in, and/or otherwise have made a commitment to Fund II. All of the uncommitted capital of Fund II was invested in Fund III at the initial closing of the latter.</p> <p>The Adviser is under contract to each of the Funds to provide investment management services with the applicable General Partner serving as such Fund's general partner. The Firm's five Managing Directors own nearly all of the capital and profits interests in the General Partners.</p>
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<p><b>Item 4.B</b></p>	<p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p> <p>The Adviser provides discretionary investment management services, advising and managing the investment and reinvestment of assets for the Funds. Each Fund offers limited partner interests only to certain qualified persons, and admission to a Fund is offered only via a “private offering” (i.e., is not open to the general public.) Fund interests are sold only to qualified persons who are “accredited investors” under Rule 501 of Regulation D of the Securities Act of 1933, as amended.</p> <p>Additionally, from time to time and as permitted by the relevant LPA, the Adviser expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, the Adviser’s personnel and/or certain other persons associated with the Adviser and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, and the co-investor or co-invest vehicle may be charged interest on the purchase to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.</p> <p>Outside of such services to the Funds, the Adviser offers no other advisory services. The Adviser does not perform any type of financial planning, quantitative analysis, tax planning or market timing services.</p> <p>Specific details relating to the advisory services provided to the Funds, including details relating to fees, liquidity rights and risks, among others, are fully disclosed in each Fund’s confidential Private Placement Memorandum or other offering documents (each, an “Offering Memorandum”) and the investment management agreement pursuant to which the Adviser provides investment advisory services to each Fund (each, an “Investment Management Agreement,” and together with the applicable Offering Memorandum, the “Governing Documents” of each Fund).</p>
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<b>Item 4.C</b>	<p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.</p> <p>The Adviser provides investment advice only to the Funds. Because the Funds have highly similar investment strategies, the question of tailoring the Adviser’s advisory services to the individual needs of limited partners or accepting limited partner-imposed investment restrictions is not relevant.</p> <p>The Adviser, as part of the advisory services it provides to each Fund, assists each General Partner as requested in negotiating side letters or similar agreements (“Side Letters”) on behalf of such Fund with certain Fund limited partners. Such Side Letters have the effect of establishing additional rights or altering or supplementing the terms of the Governing Documents of the applicable Fund-sponsored investment vehicle with respect to one or more such limited partners in a manner more favorable to such limited partners than those applicable to other limited partners. These additional rights include but are not limited to: rights related to financial reporting and disclosure, due diligence oversight, fee transferability rights, excuse rights and/or other rights permitted in the applicable General Partner’s discretion.</p>
<b>Item 4.D</b>	<p>If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>The Adviser does not participate in wrap fee programs.</p>
<b>Item 4.E</b>	<p>If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.</p> <p>Note: Your method for computing the amount of “client assets you manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A. However, if you choose to use a different method to compute “client assets you manage,” you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your “as of” date must not be more than 90 days before the date you last updated your brochure in response to this Item 4.E</p> <p>As of December 31, 2015, the Adviser invests and manages \$1.800 billion in client assets on a discretionary basis. The Adviser does not and does not plan to manage any client assets on a non-discretionary basis.</p>

## ITEM 5 – FEES AND COMPENSATION

Disclaimer applicable to all sub-items hereto: Limited partners in the Funds should refer to the applicable Fund’s Governing Documents for a complete and detailed understanding of how the Adviser is compensated for its advisory services. The information contained herein is a summary and is qualified in its entirety by the Funds’ Governing Documents.

<b>Item 5.A</b>	<p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p><b>Note:</b> If you are an SEC-registered adviser, you do not need to include this information in a brochure that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.</p> <p>The Adviser is compensated by each Fund based on the provisions of the Investment Management Agreement that was negotiated between the Adviser and such Fund. Limited partners and prospective limited partners in each Fund should refer to the applicable Offering Memorandum for a detailed description of the fees. The principal fee is a management fee that is based on the limited partners’ aggregate capital commitments. In addition, the Adviser receives compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds.</p> <p>Certain LPAs permit the Adviser to waive or agree to reduce all or a portion of the management fees to be paid by a Fund, and require that such Fund call capital in the amount of such waived fees to be invested on behalf of the applicable General Partner (“Waiver Contribution”) in satisfaction of a portion of the latter’s capital commitment to such Fund, effectively reducing the amount of capital such General Partner would otherwise be required to contribute to the Fund. Waived management fees are not subject to management fee offsets. The amount of such waived management fees has the potential to be significant, and it is possible that management fee offsets will not be fully realized by a Fund’s limited partners due to waived management fees and/or timing of receipt of compensation subject to offsets, resulting in a net additional benefit to the Adviser.</p> <p>Because, as a result of Waiver Contributions being made and invested on the Adviser’s behalf, the Adviser invests capital alongside a Fund and its limited partners, this form of compensation may be distinguished from performance-based compensation that is considered to create a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Per SEC Rule 205-3, performance fees based upon appreciation or growth in a client account strictly require prior written approval from the client. While the Adviser does not believe the Rule applies to Waiver Contributions, nevertheless it has secured the agreement of each Fund to the same as</p>
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	<p>reflected in each Fund’s limited partnership or other operating agreement or governing document (each, an “LPA”). The Chief Compliance Officer is responsible for ensuring such arrangements are established in accordance with that Rule. Although they are not clients of the Adviser, nevertheless for purposes of the Waiver Contributions, the limited partners of each Fund are provided with clear disclosure as to how the Waiver Contributions operate in each Fund and any risks associated with such Waiver Contributions.</p> <p>The Adviser is permitted to exempt certain investors in the Funds from payment of all or a portion of management fees and/or carried interest, including the Adviser and any other person designated by the Adviser. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an SK Capital professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of management fees and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant LPA, the Adviser has the right to permit investors, affiliated with the Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear management fees or carried interest.</p>
<b>Item 5.B</b>	<p>Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.</p> <p>The Adviser bills each Fund for and is paid the management fee quarterly in advance.</p>
<b>Item 5.C</b>	<p>Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.</p> <p>Each General Partner will pay all ordinary administrative and overhead expenses incurred in connection with maintaining and operating its office(s), including employees’ salaries, rent, utilities, etc.</p> <p>In addition to the applicable management fee, each Fund will pay all other costs and expenses of such Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of prospective and/or actual portfolio company investments, including follow-on investments and refinancings), including, but not limited to, legal, auditing, consulting, financing, accounting, custodian, depository, transfer, registration and other similar fees and expenses; expenses associated with such Fund’s financial statements, tax returns, Schedule K-1s</p>

or any other administrative, regulatory or other Fund-related reporting or filing obligations; out-of-pocket expenses incurred in connection with transactions not consummated, including expenses relating to such transactions that have been offered to co-investors; expenses of such Fund's advisory board and annual meetings of such Fund's limited partners and any other meeting with any limited partner(s); insurance (including directors and officers 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 such Fund.

As a matter of practice, the Adviser is typically paid portfolio company fees from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the management fees payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most, if not all, cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors.

### **Consultants**

Additionally, as further described herein and in the applicable Offering Memorandum and/or LPA, the Adviser retains certain consultants (each, a "Consultant") to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Services provided by Consultants generally relate to the identification, acquisition, holding, improvement and/or disposition of portfolio companies, including operational aspects of such companies. Consultants may include individuals who serve in a management or policy-making position for one or more portfolio companies. Compensation received by Consultants may consist of cash fees and other types of compensation, including, but not limited to, transaction fees, profits or equity interests in one or more portfolio companies, or profits or equity interests in one or more Funds or General Partners. Consultant compensation typically has been determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Consultant and amounts charged by other providers for comparable services, but such compensation could in the future be calculated using other methods, including but not limited to methods based on a percentage of cash flows from the portfolio company, a percentage of the value of the portfolio company or the invested capital exposed to the portfolio company. No compensation received by Consultants will offset the Management Fee. The use of Consultants subjects the Adviser to conflicts of interest, as discussed herein.

To the extent that an expense is common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds

	<p>participate, or other fees or expenses in connection with services the benefit of which is received by multiple Funds over time), the Adviser may advance amounts related to such expense and receive reimbursement from the Funds to which such expense relates. While not expected to occur frequently, in certain circumstances one Fund will pay an expense common to multiple Funds and be reimbursed by the other Funds by their share of such expense, without interest. While highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund.</p> <p>As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Adviser's related policies and the relevant LPA(s) and/or Side Letter(s). Where a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such broken deal expenses.</p> <p>The Adviser and/or its affiliates generally have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates on the other hand.</p>
<b>Item 5.D</b>	<p>If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> <p>As noted above, management fees are payable to the Adviser quarterly in advance.</p>
<b>Item 5.E</b>	<p>If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable to the Adviser.</p>

<b>Item 5.E.1</b>	<p>Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.</p> <p>Not applicable to the Adviser.</p>
<b>Item 5.E.2</b>	<p>Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable to the Adviser.</p>
<b>Item 5.E.3</b>	<p>If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable to the Adviser.</p>
<b>Item 5.E.4</b>	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Note: If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes</p> <p>Not applicable to the Adviser.</p>

**ITEM 6 – PERFORMANCE-BASED FEES AND  
SIDE-BY-SIDE MANAGEMENT**

Item 6: If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

The General Partners of certain Funds receive distributions of a portion of the profits of such Funds, if any, as a “carried interest.” Limited partners and prospective limited partners in each Fund should refer to the applicable Offering Memorandum for a detailed description of the carried interest.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its investors.

## **ITEM 7 – TYPES OF CLIENTS**

Item 7: Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

The Adviser presently provides investment advice only to the Funds. As such, it has only one type of client: private funds. The 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 the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Adviser and its affiliates and members of their families, Consultants or other service providers retained by the Adviser.



## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

<b>Item 8.A</b>	<p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.</p> <p><u>Investment Strategies</u></p> <p>The Adviser’s Managing Directors recommend investments in industries in which they have prior industry, operating and investing experience. An integrated operating and investment team (the “Management Team”), on an as needed basis and at the request of each Fund, coaches the existing management of each Fund’s operating portfolio companies and upgrades human capital to further drive business transformation. The Adviser also advises each Fund and the General Partners on how to influence operations of portfolio partners through board and voting control, corporate carve-outs and entrepreneurial transitions. More details on the present focus sectors are below:</p> <p>Specialty Materials and Chemicals: Specialty materials and chemicals are the high performance components of metals, alloys, plastics, fibers, ceramics and other composites essential to the production and functionality of numerous everyday products. The “specialty” nature of such materials and chemicals is characterized by differentiated technology, enhanced application know-how and specialized manufacturing processes required in their production as well as the need for customization of their optical, magnetic, electric, thermal, mechanical and physical properties.</p> <p>Healthcare: The Firm’s healthcare focus is related to healthcare as an end market for chemicals/materials as well as the historical sectors in which the partners have worked, operated and invested. Current sectors of interest within healthcare include Pharmaceuticals and Healthcare Services</p> <ul style="list-style-type: none"> <li>• <b><i>Pharmaceuticals:</i></b> including active ingredients, drug delivery, services, specialty products, generics and tools and reagents</li> <li>• <b><i>Healthcare services:</i></b> including specialty laboratories, hospital outsourcing, distribution and logistics and provider services</li> </ul> <p><u>Investment Criteria</u></p> <p>The Firm has an investment committee made up of the five Managing Directors, who make all decisions concerning the advice to be given to the Funds regarding portfolio company investments (see item 13.A). However, it is the responsibility of the applicable General Partner to determine whether such investment opportunities are suitable for a Fund, subject to certain limitations spelled out in the applicable LPA.</p>
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	<p><u>Due Diligence and Analysis</u></p> <p>Different members of the Adviser’s Management Team serve as full time functional experts that target opportunities that fit a specific profile, with a focus in specialty materials, chemicals and healthcare market transactions. This focus includes fundamentally sound but under-performing businesses, or businesses whose growth and operating complexities are not easily understood. The Adviser maintains flexibility in the types of investments it recommends, reviewing companies by company size, investment stage, financial health, geography, investment amount, type, and structure. It attempts to continually maintain manageable and controllable risks including through the conservative use of financial leverage. It provides advice and direction to each Fund during the entirety of the investment process, from sourcing to realization, ensuring integration and coordination of resources and focus on key value drivers.</p>
<p><b>Item 8.B</b></p>	<p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p><b>Business Risks</b></p> <p>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. In some cases, the success of a Fund’s investment strategy will depend, in part, on the ability of such Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such improvements. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment.</p> <p><b>Future and Past Performance</b></p> <p>The performance of the Managing Directors’ prior investments is not necessarily indicative of a Fund’s future results. While each General Partner intends for the applicable Fund(s) to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. Among other factors, the past performance of individual portfolio investments does not reflect the management fees, carried interest, taxes, transaction costs and other expenses to be borne by the limited partners, which in the aggregate are expected to be significant. On any given investment, loss of principal is possible.</p>

**Other Activities**

The Managing Directors and other employees of the Adviser will devote that portion of their time to the affairs of each Fund necessary for the proper performance of their duties. However, other investment activities of the Adviser are likely to require those individuals to devote substantial amounts of their time to matters unrelated to the business of the Funds, including the Adviser's existing or future portfolio of investments, which may pose conflicts in the allocation of management resources. The Funds will have no interest in these other activities.

**Concentration of Investments**

Each Fund anticipates participating in a limited number of investments principally in the targeted industry sectors. As a result, each Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified. Since all of a Fund's investments cannot reasonably be expected to perform well or even return capital, for a Fund to achieve above-average returns one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, limited partners have no assurance as to the degree of diversification of a Fund's portfolio investments, either by geographic region, asset type or domain. To the extent a Fund concentrates investments in a particular issuer, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Furthermore, if a Fund co-invests with other private equity funds, a limited partner may have exposure to portfolio investments through more than one fund. In circumstances where a General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

**Concentration of Investments in Select Sectors**

Each Fund intends to concentrate its investments in the specialty chemicals, materials, healthcare and related industries. Concentration in select industries may involve risks greater than those generally associated with broadly diversified acquisition funds, including significant fluctuations in returns based on market perception of the selected industries. Instability, fluctuation or an overall decline within the specialty chemicals, materials, healthcare and related industries will likely not be balanced by investments in other industries not so

affected. Each Fund's portfolio companies will compete in this volatile environment. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. Instability, fluctuation or an overall decline within the specialty chemicals, materials, healthcare and related industries will likely not be balanced by investments in other industries not so affected. In the event that one or more of such sectors as a whole declines, returns to limited partners may decrease.

### **Proprietary Rights**

Many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that a Fund or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies. While piracy adversely affects portfolio company revenue, the impact on revenue from outside the United States is significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for intellectual property rights could adversely affect portfolio companies.

### **Dynamic Investment Strategy**

While each General Partner generally intends to seek attractive returns for the applicable Fund(s) primarily through making private equity investments as described herein, a General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant LPA(s). A General Partner may pursue investments outside of the industries and sectors in which the Managing Directors have previously made investments or have internal operational experience.

### **Growth Equity Transactions.**

A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research

and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

#### **Lack of Sufficient Investment Opportunities**

Each Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk and more personnel than the General Partners, the Funds and their affiliates. The Adviser expects that competition for appropriate investment opportunities may increase, which may also require a Fund to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms upon which portfolio investments can be made. Participating in auctions will also increase the pressure on a Fund with respect to pricing of a transaction. For example, given the increasingly more competitive environment, the Adviser has found it more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund or the ability to terminate the transaction if there has been a material adverse change in the company's business prior to closing of the investment. In addition, the Adviser has found that competitors for investment opportunities are willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund-level guarantees. In the event a financing-related closing condition is not available to a Fund or if a Fund is required to provide a reverse break-up fee or guarantee in connection with a potential investment, such Fund may become obligated to consummate a transaction on less favorable terms or may be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made.

#### **Unspecified Investments**

Fund IV has begun operations but has not identified any specific investments. A purchaser of an interest in Fund IV must rely upon the ability of Fund IV's General Partner and the Adviser to identify, structure and implement portfolio

investments consistent with Fund IV's investment objectives and policies. Fund IV may be unable to find a sufficient number of attractive opportunities that meet its investment objectives. It is possible that Fund IV will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners generally will be required to pay management fees during the investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the applicable LPA.

### **Illiquidity; Lack of Current Distributions**

Investment in a Fund requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to the partners. Many of the portfolio investments will be highly illiquid and there can be no assurance that a Fund will be able to realize returns on such portfolio investments in a timely manner. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to the partners. While a portfolio investment may be sold at any time, it is not generally expected that this will occur for a number of years after the portfolio investment in a portfolio company is made. A Fund will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, a Fund may be prohibited by contract from selling certain securities for a period of time. Even where a Fund holds freely tradable publicly traded securities, such Fund's position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when such Fund wishes to dispose of or reduce its position in such company by selling shares into the market.

### **Leveraged Investments**

A Fund may make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to a Fund that may not be covered by distributions made to such Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have

been at or near historic lows), and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The short-term use of borrowings by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund may incur borrowings on a joint and several basis with one or more other Funds and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs borrowings (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

#### **Limited Transferability of Interests in the Fund**

There will be no public market for interests in the Funds and none is expected to develop. Each limited partner will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its Interest for investment purposes and not with a view to resale or distribution. Further, each limited partner must represent that it will only sell or transfer its interest with prior written consent from the applicable General Partner to a qualified investor under applicable securities laws and in a manner permitted by the applicable LPA and consistent with those laws. Voluntary withdrawals from a Fund will not be permitted. Consequently, limited partners may not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in a Fund for an extended period of time.

#### **Restricted Nature of Investment Positions**

Generally, there will be no readily available market for Fund investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price

of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the applicable LPA, including the value used to determine the amount of carried interest available to the applicable General Partner with respect to such investment.

### **Investment in Junior Securities**

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

### **Reliance on the General Partner and Portfolio Company Management**

Control over the operation of a Fund will be vested entirely with its General Partner and the Adviser, and a Fund's future profitability will depend largely upon the business and investment acumen of the Managing Directors. The loss or reduction of service of one or more of the Managing Directors could have an adverse effect on a Fund's ability to realize its investment objectives. Other than as expressly set forth in the applicable LPA, limited partners will have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend entirely on the actions of its General Partner and the Adviser. In addition, certain changes in its General Partner or the Adviser or circumstances relating to its General Partner or the Adviser may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the applicable General Partner and the Adviser will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the applicable General Partner and the Adviser will be responsible for monitoring the performance of each portfolio investment and a Fund seeks to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully. The success of many of the Adviser's portfolio companies is heavily dependent on the management of such companies. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio investment is held. Further, the applicable General Partner will generally establish the capital structure of companies in which a Fund invests on the basis of financial projections for such companies. Projected operating results of a company in which a Fund invests normally will be based primarily on the judgment of the management team of such portfolio company. In all cases, projections are only estimates of future results that are based upon



assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be attained, and actual results may vary significantly from the projections. General economic factors, which are not predictable, can have a material adverse impact on the reliability of projections.

### **Minority Investments**

A Fund may invest in minority positions of portfolio companies alongside other private equity funds. In such cases, such Fund will significantly rely on the existing management and co-investors, which may include representation of other financial investors with whom such Fund is not affiliated and whose interests may conflict with the interests of such Fund.

### **Handling of Mail**

Certain Funds have a registered office in the Cayman Islands and mail received at that location will be forwarded unopened to its General Partner's office manager at its principal office to be handled. Notices and other communications intended for a General Partner may be delayed to the extent they are sent to a Fund's registered office in the Cayman Islands rather than to the General Partner's principal office, and none of the Funds, the General Partners or any of their respective partners, members, managers, directors, officers or service providers will bear any responsibility for any such delay.

### **Co-Investments with Third Parties**

The allocation of co-investment opportunities could be made to one or more persons for any number of reasons, which may not be in the best interests of a Fund or any individual limited partner. A Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-investor may at any time have financial difficulties, resulting in a negative impact on such investment, have economic or business interests or goals which are inconsistent with those of a Fund, or may be in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, a Fund may in certain circumstances be liable for the actions of its third-party co-investor or partner. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

### **Absence of Operating History**

Fund IV has no operating history and will be entirely dependent on its General Partner and the Adviser. Furthermore, there can be no assurance that Fund IV's investments will achieve results similar to those attained by previous

investments of the Managing Directors. In addition, Fund IV's investments may differ from previous investments made by the Managing Directors in a number of respects.

### **Projections**

Projected operating results of a portfolio company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management. In all cases, projections are only estimates of future results that are based upon information received by the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

### **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 portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There is no assurance that any Fund will make follow-on investments or that any 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 (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for such Fund to increase its participation in a successful operation. Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company. In addition to certain of a Fund's portfolio investments, particularly those in "platform" phase, many need additional capital to sustain their working capital needs. If the capital provided by a Fund is not sufficient, or if such Fund is unable to provide additional capital, a portfolio company may have to raise further capital at a price unfavorable to existing investors, including such Fund. To the extent a portfolio company in which a Fund invested receives additional funding in subsequent financings and such Fund does not participate in such additional financing rounds, the interests of such Fund in such portfolio company would be diluted.

### **Regulatory Costs Relating to Portfolio Companies in Specialty Industrials Sectors**

Each Fund anticipates investing in manufacturing and service-oriented portfolio companies in the chemical and specialty industrials sectors which are expected to be required to comply with numerous federal, state and local statutory and regulatory standards including but not limited to those related to air emissions, water discharge, waste disposal, the environment and safety and health. Failure to obtain or a delay in the receipt of relevant governmental permits or approvals, including regulatory approvals, could hinder operation of an investment and result in fines or additional costs. Permits and approvals may be costly and/or time-consuming to obtain. Moreover, the adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations or changes in the persons charged with political oversight of such laws or regulations, could have a material adverse effect upon a portfolio company of a Fund and could necessitate the creation of new business models and the restructuring of investments in order to meet regulatory requirements, which may be costly and/or time-consuming.

#### **Chemical Regulatory Actions May Decrease Profitability**

Several governmental entities have enacted, are considering or may consider in the future, regulations that may impact the ability of businesses in the specialty materials and chemicals sectors to sell certain chemical products in certain geographic areas. For example, in December 2006, the European Union enacted a regulation known as REACH, which stands for Registration, Evaluation and Authorization of Chemicals. This regulation requires manufacturers, importers and consumers of certain chemicals manufactured in, or imported into, the European Union to register such chemicals and evaluate their potential impacts on human health and the environment. REACH and other similar regulatory programs may result in significant adverse market impacts on the affected chemical products. If a portfolio company fails to comply with REACH or other similar laws and regulations, it may be subject to penalties or other enforcement actions, including fines, injunctions, recalls or seizures, which would have an adverse effect on the Funds' financial condition, cash flows and profitability.

#### **Hazardous Chemical Regulations**

Certain target portfolio companies may produce hazardous chemicals that require care in handling and use that are subject to regulation by many U.S. and non-U.S. national, supra-national, state and local governmental authorities. In some circumstances, these authorities must approve products and manufacturing processes and facilities before a portfolio company may sell some of these chemicals. To obtain regulatory approval of certain new products, it must be demonstrated to the relevant authority that the product is safe for its intended uses and that such product is capable of being manufactured in compliance with current regulations. The process of seeking approvals can be costly, time consuming and subject to unanticipated and

significant delays. Approvals may not be granted on a timely basis, or at all. Any delay in obtaining, or any failure to obtain or maintain these approvals would adversely affect a portfolio company's ability to introduce new products and to generate revenue from those products. New laws and regulations may be introduced in the future that could result in additional compliance costs, bans on product sales or use, seizures, confiscation, recall or monetary fines, any of which could prevent or inhibit the development, distribution or sale of products and could increase customers' efforts to find less hazardous substitutes for products.

### **Regulatory Approvals for Healthcare Products**

The research, development, preclinical and clinical trials, manufacturing, labeling, and marketing related to a healthcare industry company's products are subject to an extensive regulatory approval process by the U.S. Food and Drug Administration ("FDA") and other regulatory agencies in the United States and abroad. The process for obtaining FDA and other required regulatory approvals, including the required preclinical and clinical testing is very lengthy, costly, and uncertain. There can be no guarantee that, even after such time and expenditures, a portfolio company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities. If a portfolio company is unable to obtain these approvals in a timely fashion, or if after approval for marketing, a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the portfolio company may experience significant adverse effects, which in turn, could negatively affect the performance of the Funds.

### **Third-Party Reimbursements**

In both the U.S. and foreign markets, sales of a healthcare product and its success will depend in part on the availability of reimbursement from third-party payors such as government health administration authorities, private health insurers, and other organizations. The levels of revenues and profitability of pharmaceutical companies may be affected by the continuing efforts of governmental and third-party payors to contain or reduce the costs of health care. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that a company's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development.

### **Healthcare Regulation, Reimbursement and Reform**

Various segments of the healthcare industry are (or may become) (a) highly regulated at both the federal and state levels in the United States and internationally, (b) subject to frequent regulatory change and (c) dependent upon various government or private insurance reimbursement programs. While a Fund may make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which a Fund invests. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the U.S. federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry.

### **Risk of Litigation**

It is difficult to predict with certainty the cost of defense, of prosecution or of the ultimate outcome of litigation and other proceedings filed by or against portfolio companies in the specialty materials and chemicals sectors, including penalties or other civil or criminal sanctions, or remedies or damage awards, and adverse results in any litigation and other proceedings may materially harm a Fund's portfolio companies. Litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, international trade, commercial arrangements, product liability, environmental, health and safety, joint venture agreements, labor and employment or other harms resulting from the actions of individuals or entities outside of the General Partners' control. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in a portfolio company's business and injunctions prohibiting its use of business processes or technology that are subject to third-party patents or other third-party intellectual property rights. Litigation based on environmental matters or exposure to hazardous substances in the workplace or from a portfolio company's products could result in significant liability for such portfolio company, which would have an adverse effect on a Fund's financial condition, cash flows and profitability.

### **Alternative Investment Fund Managers Directive**

The EU Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (a) such Fund may be subject to certain

reporting, disclosure and other compliance obligations under the AIFMD, which may result in such Fund incurring additional costs and expenses; (b) such Fund and/or its General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in such Fund incurring additional costs and expenses or otherwise affect the management and operation of such Fund; (c) such Fund's General Partner may be required to make detailed information relating to such Fund and its investments available to regulators and third parties; and (d) the AIFMD may also restrict certain activities of such Fund in relation to EEA portfolio companies including, in some circumstances, such Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for such Fund to raise its targeted amount of commitments.

#### **New Withholding Tax on Certain Non-U.S. Entities**

Legislation enacted in 2010 generally imposes, beginning July 1, 2014, a new withholding tax of 30% that will apply to most payments received by a non-U.S. entity (including the Funds) attributable to investments in the United States, including dividends, interest and, beginning on January 1, 2017, gross proceeds of a disposition of stock, unless the non-U.S. entity complies with certain conditions or an exception applies.

#### **Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes**

There has recently been significant discussion 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 Funds' activities, including the ability of each Fund to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of recent 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 United States and global financial markets, may complicate or prevent a Fund's efforts to consummate 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 investments than it otherwise would have.

Additionally, Congress has recently considered proposed legislation that would

treat certain income allocations to service providers by partnerships such as the Funds (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the effective date of a Fund, could adversely affect the Adviser's senior professionals, employees or other individuals associated with the Funds, the Adviser or the General Partners who were or may in the future be granted direct or indirect interests in the General Partners entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from the Funds and the General Partners, which could make it more difficult for the General Partners and their affiliates to incentivize, attract and retain individuals to perform services for the Funds.

Moreover, legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund, its portfolio companies or partners. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. A Fund may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects.

#### **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 risks 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 a Fund and/or its partners with respect to such Fund's income and possible non-U.S. tax return filing requirements for such Fund and/or its 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; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. 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.

Further, non-U.S. investment in securities of companies in certain of the countries in which a Fund may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude non-U.S. investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of a Fund. While regulation of non-U.S. investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by non-U.S. investors and non-U.S. currency. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by such Fund, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where such Fund invests or in other jurisdictions.

### **Bridge Financings**

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

### **Hedging Arrangements**

A General Partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.



In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks.

Certain hedging arrangements may create for a General Partner and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

### **U.S. Dollar Denomination of Interests**

Interests are denominated in U.S. dollars. Prospective investors subscribing for interests in any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Each prospective investor should consult with its, his or her own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the interests.

### **Investments Longer than Term**

A Fund may make investments which may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that such Fund will be dissolved, either by expiration of such Fund's term or otherwise. Although each General Partner expects that investments will be disposed of prior to winding up and termination or be suitable for in-kind distribution at the winding up and termination and each General Partner has a limited ability to extend the term of its Fund(s), a Fund may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of the winding up and termination. In addition, although upon the termination of a Fund, its General Partner will be required to use its best efforts to reduce to cash and cash equivalents such assets of such Fund as its General Partner shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the limited partners will occur.

### **Absence of Regulatory Oversight**

While the Funds may, in some respects, be considered to be similar to investment companies, they are not registered, and do not intend to register, as such under the Investment Company Act or the laws of any other country or jurisdiction and, accordingly, the provisions of the Investment Company Act

will not be applicable to the Funds.

### **Recycling; Reinvestment**

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

### **Disclosure of Information**

Certain limited partners will be subject to state public records or similar freedom of information laws, which may compel public disclosure of confidential information regarding a Fund, its investments and its limited partners. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to a Fund or its portfolio companies results from interests being held by public investors, such Fund may be adversely affected. Such Fund's General Partner may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in the Adviser and/or a Fund becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain.

### **Significant Default Penalties**

Each LPA provides for significant penalties and other adverse consequences in the event a limited partner defaults on its commitment or other payment obligations. In addition to losing its right to potential distributions from the applicable Fund, a defaulting limited partner may be forced to transfer its interest in such Fund for an amount that is less than the fair market value of such interest. If a limited partner fails to pay when due installments of its commitment to a Fund, and the contributions made by non-defaulting limited partners and borrowings by such Fund are inadequate to cover the defaulted capital contribution, such Fund may be unable to pay its obligations when due. As a result, a Fund may be subjected to significant penalties that could materially adversely affect the returns to its limited partners (including non-defaulting limited partners).

### **Dilution**

Limited partners admitted to a Fund at subsequent closings generally will participate in then-existing investments of such Fund, thereby diluting the

interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

### **Side Letters**

The General Partners and/or the Funds may enter into Side Letters with one or more limited partners. These Side Letters may entitle a limited partner to make an investment in a Fund on terms other than those described in such Fund's Offering Memorandum. Any such terms, including with respect to (a) opting out of particular investments, (b) reporting obligations of such Fund, (c) transfer to affiliates, (d) co-investment opportunities, (e) conditional withdrawal rights due to adverse tax or regulatory events, (f) consent rights to certain amendments to the applicable LPA or (g) any other matters described herein, may be more favorable than those offered to any other limited partners. If a General Partner and/or a Fund enter into a Side Letter entitling a limited partner to opt out of a particular investment or withdraw (with the consent of such General Partner) from such Fund, any election to opt out or withdraw by such limited partner may increase another limited partner's pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal).

### **General Partners' Carried Interest**

Because a General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for a General Partner to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because management fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the General Partner might not otherwise have done so.

### **Transfer by General Partner**

To the extent a General Partner, its partners, the Managing Directors and/or their respective affiliates commit to make an investment in a Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the applicable LPA.

### **Public Company Holdings**

A Fund's investment portfolio may contain debt and/or equity securities 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, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Managing Directors, and increased costs associated with each of the aforementioned risks.

#### **Distressed Investments.**

A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the Adviser will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

#### **Uncertain Economic, Social and Political Environment**

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

adverse effect upon such Fund's portfolio companies.

### **General Economic and Market Conditions**

The private equity industry generally and the success of a Fund's investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. A renewed downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect a Fund's profitability, impede the ability of such Fund's portfolio companies to perform under or refinance their existing obligations, and impair such Fund's ability to effectively exit its portfolio investment on favorable terms. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

### **Director Liability**

Each Fund will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes a Fund's representatives, and ultimately such 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.

### **Advisory Board**

Certain Funds will have advisory boards, to which the applicable General Partner will appoint one or more limited partner representatives. The applicable LPAs will provide that to the maximum extent not prohibited by applicable law, none of the advisory board members shall owe any fiduciary duties to the applicable Fund or any other partner. In addition, representatives of an advisory board may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence their decisions as advisory board members.

### **Delayed Schedule K-1s**

A Fund may not be able to provide final Schedule K-1s to limited partners for any given fiscal year until after April 15 of the following year. Each General Partner will use reasonable efforts to provide limited partners with final Schedule K-1s or with estimates of the taxable income or loss allocated to their investment in each Fund on or before such date, but final Schedule K-1s may not be available until a Fund has received tax reporting information from its

portfolio companies necessary to prepare final Schedule K-1s and completion of such Fund's annual audit. Limited partners may be required to obtain extensions of the filing dates for their U.S. federal, state, and local income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in a Fund.

### **Contingent Liabilities upon Disposition**

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by such Fund.

### **Indemnification**

A Fund may be required to indemnify certain persons set forth in its LPA including, without limitation, its General Partner, the Adviser, its advisory board members and its General Partner's, and the Adviser's partners, members, managers, employees, agents, advisors, affiliates, and personnel for liabilities incurred in connection with the affairs of such Fund and otherwise as provided in the applicable LPA. Such liabilities may be material and have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the partners or affiliates of a General Partner may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of a Fund would be payable from the assets of such Fund, including the unfunded commitments of the limited partners. If the assets of a Fund are insufficient to pay any such indemnification obligations, such Fund's General Partner may recall distributions previously made to the limited partners to pay such obligations (subject to certain limitations set forth in the applicable LPA). Such liabilities of a Fund may not be resolved prior to the date that such Fund will be dissolved, either by expiration of such Fund's term or otherwise. Furthermore, as a result of the provisions contained in the applicable LPA, the limited partners may have a more limited right of action in certain cases than they would in the absence of such limitations. It should be noted that a General Partner may cause a Fund to purchase insurance for such Fund, its General Partner, the Adviser and their employees, agents and representatives.

### **Liability of the Funds and the Partners**

Each General Partner has unlimited liability for all debts and obligations of the Fund(s) for which it serves as general partner. Except as provided herein or

otherwise, the total liability of a limited partner is limited to the amount of its commitment, except in certain circumstances. If a Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to return to such Fund or to creditors whose interests have been injured distributions previously received by them pursuant to any rules regarding fraudulent conveyances. In addition, a limited partner may be liable under applicable bankruptcy law to return distributions made during a Fund's insolvency.

### **Conflicts of Interest Generally**

The Adviser 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, legal, management and other services to Funds and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of each Fund in an appropriate manner, as required by the relevant LPA, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser 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 boards of the participating Funds.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by the Adviser through such Fund, subject to certain limited exceptions. Without limitation, the Adviser's principals currently manage, and expect in the future to manage, several other investments and investment vehicles similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investments and investment vehicles. The Adviser's principals and the Adviser's investment staff will continue to manage and monitor such investments and investment vehicles until their realization. Such other investments and investment vehicles that the Adviser's principals may control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, the Adviser's principals may and likely will focus their investment activities, at least in part, on other opportunities and areas unrelated to such Fund's investments.

The Adviser attempts to resolve all conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and

such other investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an advisory board consisting of limited partners of the relevant Fund(s) and such other investment vehicles, or from each relevant Fund's limited partners themselves.

#### **Allocation of Time**

The General Partners and the Managing Directors will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. In addition to advising the Funds, the Adviser and the Managing Directors manage other investments and will devote only so much of their time as is necessary or appropriate in connection with the Funds' activities. The Managing Directors may also serve as members of the boards of directors of various companies other than Fund portfolio companies. The possibility exists that such companies could engage in transactions which would be suitable for the Funds, but in which the Funds might be unable to invest. Conflicts may arise as a result of such other activities.

#### **Cross-Fund Investments**

From time to time, the 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 the Adviser. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

The Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's LPA, investment objectives, strategies, life-cycle and structure. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. The Adviser will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investors, as determined by the Funds' LPAs, Side Letters and the Adviser's procedures regarding allocation. The Adviser's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity



relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); the Adviser's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Adviser's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; and other factors that the Adviser considers important in connection with the specific transaction or investment.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the Adviser in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other investors.

When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds, the Adviser 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.

The Adviser'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 the Adviser 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 the Adviser may be subject, discussed herein, did not exist.

### **Investment Opportunities Appropriate for Multiple Funds**

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. 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 that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Adviser in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Adviser may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Adviser may be subject to conflicts of interest, for example, between a Fund with a reimbursement obligation and a Fund seeking reimbursement. The Adviser intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

#### **Investments and Fees Common to Multiple Funds**

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Adviser and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the relevant LPA(s), the Adviser will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, the Adviser may be faced with a variety of potential

conflicts of interest.

As a general matter, Fund expenses, other than, as discussed above, broken deal expenses, typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the Adviser or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. 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.

### **Consultants**

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) pay certain fees to Consultants and other providers of consulting services (including providers introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Consultants make use of SK Capital resources or otherwise are associated with the Adviser. Compensation received by Consultants may consist of cash fees and other types of compensation, including, but not limited to, transaction fees, profits or equity interests in one or more portfolio companies, or profits or equity interests in one or more Funds or General Partners. Additionally, portfolio companies may reimburse costs and expenses incurred by Consultants and, although historically it has not done so, SK Capital may, to the extent deemed appropriate, provide a Consultant with an opportunity to invest in the relevant portfolio company. Consultants also may have a limited partner interest in the General Partners and/or one or more Funds, may receive remuneration from the Adviser and/or its Funds or affiliates and/or be entitled to other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to a Consultant will not offset the Management Fee of any Fund as described herein. Although, when it retains a Consultant, the Adviser seeks to do so with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Consultants and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

**Material, Non-Public Information**

As a result of the operations of the Adviser and its affiliates, the Managing Directors frequently come into possession of confidential or material non-public information. Therefore, the Adviser 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, a 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 the Adviser's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

**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. 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 composition and management of such 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 the Adviser or one of its service providers holding its financial or investor data, the Adviser, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under the Adviser's policies.

#### **Other Fees**

The General Partners and their affiliates may receive certain fees from portfolio companies in connection with the purchase, monitoring or disposition of investments or in connection with unconsummated transactions (e.g., transaction, directors', financial consulting, break-up and other similar fees).

#### **Diverse Limited Partner Group May Have Conflicting Interests**

A Fund's limited partners will be a diverse group that may have conflicting investment, tax and other interests with respect to their investments in such Fund. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions made by a Fund's General Partner, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, its General Partner will consider the investment and tax objectives of such Fund and its partners as a whole, not the investment, tax or other objectives of any limited partner individually.

#### **Legal, Tax and Regulatory Risks**

Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund, its portfolio companies or partners. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions.

#### **Non-SK Capital Service Providers**

Employees of any third-party service providers, including Consultants and other providers of consulting services, to the portfolio companies (collectively, the “Non-SK Capital Service Providers”), may be employees of the Adviser, any General Partner or any of their respective affiliates and are not expected to (but may) have a carried interest in any investment made by a Fund. Non-SK Capital Service Providers may, however, receive compensation from Fund portfolio companies. Such compensation will not result in offsets to or reductions of the management fee. Non-SK Capital Service Providers are also not subject to restrictions such as conflicts of interest, allocation of investment opportunities, and formation of other vehicles.

A portfolio company typically will reimburse the Adviser or service providers retained at the Adviser’s discretion for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser 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 over time has the potential to be substantial. The Adviser 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, their effect is reflected in each Fund’s audited financial statements, and any fee paid or expense reimbursed to the Adviser 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.

### **Adviser Recommendations**

The Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) the Adviser or a related person of the Adviser (which may include a portfolio company of such Fund), (ii) an entity with which the Adviser or its affiliates or current or former members of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, the Adviser may be presented with opportunities to receive financing and/or other services in connection with a Fund’s investments from certain limited partners or their affiliates that are engaged in lending or related business. This subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business

interest. There is a possibility that the Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Adviser), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser 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 the Adviser and/or its affiliates; conversely, former personnel or executives of the Adviser and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates, and/or the Funds or other investment vehicles they advise. The Adviser may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of the Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may

	<p>have additional conflicting interests in connection with these investments.</p> <p><b>Tax Consequences</b></p> <p>No Fund will request any ruling from the Internal Revenue Service (the “IRS” or “Service”) as to any federal income tax consequences relating to the structure or operation of such Fund. As such, there can be no assurance that any tax position taken by a Fund will not be challenged by the Service. Certain federal income tax consequences of an investment in a Fund are described in the applicable Offering Memorandum.</p>
<b>Item 8.C</b>	<p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p> <p>Not applicable to the Adviser.</p>



## ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events. Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a management person has been involved in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the management person's favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a management person has been involved in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a client's or prospective client's evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a client's or prospective client's evaluation.

<b>Item 9.A</b>	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person</p> <ol style="list-style-type: none"><li>1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;</li><li>2. is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;</li><li>3. was found to have been involved in a violation of an investment-related statute or regulation; or</li><li>4. was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order</li></ol> <p>Not applicable. There are no pending legal, regulatory or industry proceedings against the Adviser or any of its professionals.</p>
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<b>Item 9.B</b>	<p>An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person</p> <ol style="list-style-type: none"> <li>1. was found to have caused an investment-related business to lose its authorization to do business; or</li> <li>2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority</li> </ol> <p>(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;</p> <p>(b) barring or suspending your firm's or a management person's association with an investment-related business;</p> <p>(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or</p> <p>(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.</p> <p>Not applicable. There are no pending legal, regulatory or industry proceedings against the Adviser or any of its professionals.</p>
<b>Item 9.C</b>	<p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <ol style="list-style-type: none"> <li>1. was found to have caused an investment-related business to lose its authorization to do business; or</li> <li>2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.</li> </ol> <p>Note: You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a management person to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the person involved in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain</p>

	<p>a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).</p> <p>Not applicable. There are no pending legal, regulatory or industry proceedings against the Adviser or any of its professionals.</p>
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**ITEM 10 – OTHER FINANCIAL INDUSTRY  
ACTIVITIES AND AFFILIATIONS**

<b>Item 10.A</b>	<p>If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable to the Adviser.</p>
<b>Item 10.B</b>	<p>If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>Not applicable to the Adviser.</p>
<b>Item 10.C</b>	<p>Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.</p> <p>SK Capital is affiliated with other investment advisers registered with the SEC under the Advisers Act pursuant to SK Capital’s registration in accordance with SEC guidance. These advisers are the General Partners. These affiliated investment advisers operate as a single advisory business together with SK Capital and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.</p> <p>Potential Conflicts of Interest</p> <p><u>Valuation</u></p> <p>Assets based on fair value methodology are valued based on management’s judgment and estimation in accordance with the valuation policies and procedures of the Adviser’s valuation methods, inputs and the pricing of events (such as an impairment, a sale, a recapitalization), that produce a realized or unrealized gain or loss that may be recognized are inherently subjective. See discussion of Valuation under Item 13.A for more details.</p> <p><u>Policies and Procedures</u></p> <p>The Adviser has adopted policies and procedures designed to address and mitigate potential conflicts of interest as it relates to the Adviser’s regulatory requirements and contractual restrictions. These procedures will be revised as needed. See discussion of Code of Ethics under Item 11.A for more</p>

	details.
<b>Item 10.D</b>	<p>If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>Not applicable</p>

**ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN  
CLIENT TRANSACTIONS AND PERSONAL TRADING**

<b>Item 11.A</b>	<p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.</p> <p>As of February 1, 2012, the Adviser adopted a Code of Ethics designed to comply with the requirements of Rule 204A-1 of the Investment Adviser’s Act of 1940 (“the Adviser’s Act”). The Code of Ethics applies to the Adviser’s access persons and sets forth a standard of business conduct that takes into account the Adviser’s status as a fiduciary and requires access persons to place the interests of the Adviser’s clients above their own interests. The Code of Ethics requires access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code to the attention of the Adviser’s Chief Compliance Officer. All access persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.</p> <p>Among other requirements, the Code of Ethics sets forth certain reporting and pre-clearance requirements with respect to personal trading by access persons. The Adviser’s access persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an access person. Such access persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.</p> <p>The Code of Ethics also addresses activities which may lead to or give the appearance of conflicts of interest or prohibited or unethical business conduct. This includes provisions relating to the protection of non-public information and a prohibition on insider trading. It also includes limitations on outside affiliations, de minimis limits on reporting gifts and business entertainment items, the reporting of political contributions, and the cited limitations and supervision of personal securities transactions and holdings in reportable securities.</p> <p>A copy of the Adviser’s Code of Ethics will be provided to any client or prospective client upon request.</p>
<b>Item 11.B</b>	<p>If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Examples: (1) You or a related person, as principal, buys securities from (or</p>

	<p>sells to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.</p> <p>As noted in Item No. 4.A. above, the Managing Directors of the Adviser also own nearly all of the capital and profits interests in the General Partners. Consistent with industry practice and the expectations of the limited partners in the Funds, each General Partner is required to commit capital to the Funds for which it serves as general partner in an amount specified in the applicable LPA. See also Item No. 6, above.</p> <p>Moreover, the Adviser's related persons are subject to its policies and procedures regarding confidential or proprietary information, the information barriers and personal trading. In addition, the Adviser has additional policies and procedures relating to certain personal securities transactions by its personnel. These policies may extend to the Adviser's oversight of any outside solicitors or placement agents.</p>
<b>Item 11.C</b>	<p>If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p> <p>The Adviser and its affiliates may give advice and recommend the purchase or sale of securities and other financial instruments, or buy or sell such securities, and instruments for their own account. Potential conflicts of interest may arise in connection with the personal trading activities of the Adviser's employees. In particular, certain of the Adviser's Managing Directors, principals and employees (collectively, its "Personnel") currently do, and expect in the future to, carry on investment activities for their own account and for family members, friends or others who do not invest in a Reference Fund (as defined below), and give advice and recommend securities to vehicles that differs from advice given to, or securities recommended or bought for, any Fund, even though their respective investment objectives may be the same or similar. Certain Personnel may also establish family offices to provide investment advisory, accounting, administrative and other services to their respective family accounts in connection with their personal investment activities unrelated to their investments in one or more Funds. Each of the family offices employs its own professional staff at its own expense, and each of them conducts its day-to-day operations independently of the Adviser and the Funds.</p> <p>The involvement of Personnel in these activities could give rise to potential conflicts between the personal financial interests of such Personnel and the interests of the Adviser's clients (for example, the operative documents and</p>

	<p>investment programs of certain vehicles sponsored by Adviser (the “Reference Funds”) may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments by certain other vehicles in issuers held by such Reference Funds or may give priority with respect to investments to such Reference Funds). The Adviser has adopted certain procedures designed to mitigate some of these potential conflicts (for example, by requiring Personnel and their family members, friends and personal investment staff to refrain from making direct investments in portfolio companies that are controlled by one or more Reference Funds or that are the subject of announced transactions involving Reference Funds).</p> <p>In order to prevent such conflicts, the Adviser’s Code of Ethics is designed to ensure that the personal securities transactions of the Adviser and its affiliates, officers and employees, and members of their families, do not conflict with transactions effected on behalf of any Fund. Employees of the Adviser must (i) place the interests of the Adviser’s clients first, (ii) avoid taking inappropriate advantage of their positions within the Adviser, and (iii) conduct their personal securities transactions in full compliance with the Code of Ethics.</p> <p>As required by Rule 204A-1 of the Advisers Act, the Adviser requires its employees (i.e. Access Persons) to report their securities transactions on at least a quarterly basis and disclose their securities holdings upon employment and on an annual basis thereafter. The Adviser also restricts the personal trading of its employees. In particular, when applicable, the Adviser maintains a Restricted List containing the names of securities which employees are generally prohibited from trading. The Adviser also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. The Adviser’s personnel are required to certify on an annual basis their compliance with such policies and procedures as well as the Code of Ethics.</p>
<b>Item 11.D</b>	<p>If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person’s own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Note: The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not “reportable securities” under SEC rule 204A-1(e)(10) and similar state rules.</p> <p>Please refer to the responses in Items 11.A, 11.B, and 11.C.</p>



## ITEM 12 – BROKERAGE PRACTICES

<b>Item 12.A.1</b>	<p>Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p>1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <p>Note: Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.</p> <p>a. Explain that when you use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.</p> <p>b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients’ interest in receiving most favorable execution.</p> <p>c. If you may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits), disclose this fact.</p> <p>d. Disclose whether you use soft dollar benefits to service all of your clients’ accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.</p> <p>e. Describe the types of products and services you or any of your related persons acquired with client brokerage commissions (or markups or markdowns) within your last fiscal year.</p> <p>Note: This description must be specific enough for your clients to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.</p>
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	<p>f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.</p> <p><u>Best Execution</u></p> <p>The Adviser’s advisory business generally involves privately negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly-traded securities. However, if in the future the Adviser purchases or sells publicly-traded securities, it will, in those circumstances, seek to achieve the “best price and execution.” The SEC generally describes this process as a duty to execute securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances. While this duty generally begins with a requirement that the Adviser obtain the best price available for the securities in each transaction, the Adviser may take into account a number of factors, including a broker’s trading expertise, reliability, responsiveness, reputation, execution, clearance, settlement and error correction capabilities, availability of securities to borrow or short sales, and the value of research it provides.</p> <p>When executing a transaction in any investment with or for a Fund, the Adviser will take all reasonable steps to ensure that the counterparty is reliable and will monitor the quality of execution; that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.</p> <p>To the extent applicable, the Adviser’s efforts in this area also include periodic reviews by investment professionals and the Chief Compliance Officer of the performance of broker-dealers. A copy of the written record of such reviews will be maintained by Chief Compliance Officer.</p> <p><u>Soft Dollars</u></p> <p><u>Not applicable.</u> The Adviser, as a matter of policy, does not affect soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for the Funds.</p>
<p><b>Item 12.A.2</b></p>	<p>Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <p>a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving client referrals, rather than on your clients’ interest in receiving most favorable execution.</p> <p>b. Explain the procedures you used during your last fiscal year to direct</p>

	<p>client transactions to a particular broker-dealer in return for client referrals.</p> <p>Not applicable.</p>
<b>Item 12.A.3</b>	<p>Directed Brokerage.</p> <p>a. If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.</p> <p>b. If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.</p> <p>Note: If your clients only have directed brokerage arrangements subject to most favorable execution of client transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.</p> <p>Not applicable.</p>
<b>Item 12.B</b>	<p>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.</p> <p>Prior to Fund IV engaging in investment activities, the Adviser plans to develop a policy to address the conditions under which the Adviser may aggregate the purchase of securities for client accounts such that the Adviser may aggregate the orders into a single order if the Adviser, in exercising reasonable judgment at the time of the aggregation, believes that such aggregation is reasonably likely to result in an overall economic benefit to each Fund.</p>

## ITEM 13 – REVIEW OF ACCOUNTS

<b>Item 13.A</b>	<p>Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.</p> <p><u>Investment Reviews</u></p> <p>The Adviser neither tailors its advisory services to the individual needs of a Fund or a Fund’s limited partners, nor accepts limited partner-imposed investment restrictions. The Adviser does not advise the limited partners and assumes no obligations with respect to any limited partner.</p> <p>However, portfolio reviews for each Fund are conducted at least quarterly by various investment professionals who are members of the investment committee and reported to the entire investment committee and the Chief Compliance Officer. As part of these reviews, the investment professionals monitor operations, overall performance, financial performance, and strategic direction of each portfolio company owned by each Fund.</p> <p><u>Valuation</u></p> <p>As a fiduciary, the Adviser has an obligation to ensure that each Fund’s assets are valued appropriately in order to provide the most accurate reporting possible.</p> <p>The Adviser’s valuation procedures are based on industry accounting and other industry standards. The Adviser values its investments at their fair value, in accordance with the Financial Accounting Standard Committee’s Accounting Standards Codification (“ASC”) Topic 820-10, “Fair Value Measurements.”</p>
<b>Item 13.B</b>	<p>If you review client accounts on other than a periodic basis, describe the factors that trigger a review</p> <p>Please refer to Item 13.A.</p>
<b>Item 13.C</b>	<p>Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.</p> <p>As part of the advisory services it provides to the Funds, the Adviser assists the General Partner of each Fund in providing certain reports to such Fund’s limited partners in accordance with such Fund’s obligations under the applicable LPA. Generally, Fund limited partners will receive quarterly unaudited reports of Fund performance and annual audited financial statements.</p>

	<p>Each LPA requires the applicable General Partner to use its commercially reasonable efforts to send all limited partners within 90 days after the end of each fiscal year of the applicable Fund (subject to reasonable delays in the event of late receipt of any necessary information) an audit report including a balance sheet and statements of income and changes in partners' equity and changes in cash flows, prepared in accordance with U.S. generally accepted accounting principles, plus a schedule and summary description of the investments owned by such Fund at year end and a statement for each partner of its capital account and tax information necessary for completion of its tax returns.</p>
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## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

<b>Item 14.A</b>	<p>If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable.</p>
<b>Item 14.B</b>	<p>If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.</p> <p>Note: If you compensate any person for client referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.</p> <p>For Fund IV, the Adviser has retained UBS Securities LLC to solicit investors to invest in Fund IV in exchange for fees. Such fees are based on total limited partner interests invested in Fund IV, subject to certain customary carve-outs for certain types of investors. Any such fees that are paid by Fund IV will be applied as an offset against the Management Fee.</p>

## ITEM 15 – CUSTODY

Item 15: If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

Although the Adviser is deemed to have custody of the underlying assets of the Funds by virtue of its status as investment manager of each Fund, the Adviser does not maintain physical custody of the Funds' assets. In compliance with Rule 206(4)-2 under the Advisers Act, the Adviser reasonably believes that all limited partners in the Funds will be provided with audited financial statements for the applicable Fund, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of such Fund's fiscal years (i.e., generally by April 30).

Limited partners are urged to compare the account statements they receive from the administrator with the performance reports, if any, provided by the applicable General Partner.

## **ITEM 16 – INVESTMENT DISCRETION**

Item 16: If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

As explained in Item No. 8.A., above, the Adviser advises each General Partner regarding all investment decisions to be made by the applicable Fund(s), but each General Partner retains full discretionary authority to manage and make investments for such Fund(s). There are no accounts which are sub-advised by either affiliated or non-affiliated Portfolio Managers.



## ITEM 17 – VOTING CLIENT SECURITIES

<p><b>Item 17.A</b></p>	<p>If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>The Adviser has adopted the SK Capital Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how it will vote proxies, as applicable, for the Funds’ portfolio investments. The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of a Fund, including where there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund 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 the Adviser 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 the Adviser’s vote in a particular solicitation. The Adviser does not consider service on portfolio company boards by the Adviser’s personnel or the Adviser’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 the Adviser when voting proxies on behalf of a Fund. If you would like a copy of the Adviser’s complete Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies, please contact Jerome Truzzolino, the Firm’s Chief Compliance Officer, at (646) 278-1370, and it will be provided to you at no charge.</p>
<p><b>Item 17.B</b></p>	<p>If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.</p> <p>Not applicable.</p>

## ITEM 18 – FINANCIAL INFORMATION

<b>Item 18.A</b>	<p>If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> <li>1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.</li> <li>2. Show parenthetically the market or fair value of securities included at cost.</li> <li>3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.</li> </ol> <p>Note: If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.</p> <p>Note: If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your brochure.</p> <p>Exception: You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.</p> <p>Not applicable.</p>
<b>Item 18.B</b>	<p>If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.</p> <p>Note: With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the state securities authorities, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per client, six months or more in advance</p> <p>The Adviser is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its</p>

	clients.
<b>Item 18.C</b>	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable.</p>