

**Item 1 – Cover Page**

**Form ADV Part 2 Brochure**

**March 1, 2013**

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*This brochure provides information about the qualifications and business practices of High Road Capital Partners, LLC and its advisory affiliates described herein (collectively, “High Road”). If you have any questions about the contents of this brochure, please contact Ivane Chou at (212) 554-3265 or by email at [ichou@highroadcap.com](mailto:ichou@highroadcap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. High Road is registered as an investment adviser with the SEC. This registration does not, however, imply a certain level of skill or training of any High Road personnel.*

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

## **Item 2 – Material Changes**

For the year ended December 31, 2012, High Road managed \$166,633,847 on a discretionary basis. High Road's assets under management as of December 31, 2012 include remaining capital commitment of the Client Fund which includes recallable distributions.

There are no prior annual updates to High Road's brochure since High Road's initial brochure was filed with its effective registration on March 30, 2012.

Pursuant to SEC rules, High Road will ensure that you receive a summary of any material changes to this brochure and subsequent brochures within 120 days of the close of High Road's fiscal year. You may request the most recent version of High Road's brochure by contacting Ivane Chou, Chief Compliance Officer and Controller, at (212) 554-3277 or [ichou@highroadcap.com](mailto:ichou@highroadcap.com).

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## Item 4 – Advisory Business

High Road Capital Partners, LLC (“HRCP”) is a Delaware corporation and began its operations in 2007. HRCP’s principal owner is Managing Partner, Robert Fitzsimmons. HRCP’s principal place of business is in New York, New York. High Road and its advisory affiliate provide investment advisory and management services to one private equity fund that is a U.S. limited partnership (“Client Fund”). Such advisory affiliate serves as a general partner (the “General Partner”) to the Client Fund. For purposes of this brochure, the term “High Road” will include High Road and the General Partner collectively.

*All descriptions of the Client Fund in this brochure, including, but not limited to, their investments, the strategies used in managing the Client Fund, the fees and other costs associated with an investment in the Client Fund, and conflicts of interest faced by High Road in connection with management of the Client Fund are qualified in their entirety by reference to the Client Fund’s respective confidential offering memorandum and governing documents (e.g., the Client Fund’s limited partnership agreement) (collectively, the “Fund Documents”).*

*Persons reviewing this Form ADV Part 2A should not construe this as an offering of the Client Fund described herein, which will only be made pursuant to the delivery of a confidential offering memorandum to prospective investors.*

High Road generally offers advice on portfolio investments that are within the Client Fund’s investment strategy and objective. Such advice provided by High Road generally focuses on making control investments in leveraged acquisitions of companies at the smaller end of the middle market. Please refer to Item 8 for a more detailed description of the Client Fund’s investment strategies as well as the securities, and other instruments, purchased by the Client Fund under the management of High Road.

High Road has full discretionary authority with respect to the investment decisions of the Client Fund; however, its investment decisions and advice are subject to the Client Fund’s investment objectives and guidelines, as set forth in the Fund Documents. High Road has the right to enter and has entered into agreements, such as side letters, with certain underlying investors of the Client Fund which may impose further restrictions for legal, tax, regulatory or other reasons with respect to participation by such underlying investors in certain investments made by the Client Fund. See Item 10 for additional information.

High Road does not participate in wrap fee programs.

For the year ended December 31, 2012, High Road managed \$166,633,847 on a discretionary basis. High Road does not manage assets on a non-discretionary basis. High Road’s assets under management as of December 31, 2012 include remaining capital commitments of the Client Fund, which includes recallable distributions.

## Item 5 – Fees and Compensation

High Road and its related persons receive fees based upon the amount of capital investors have committed to the Client Funds or the amount of capital invested by the Client Fund as well as performance-based fees (carried interest), all as described in the Fund Documents. High Road and its related persons receive other compensation and reimbursements of expenses, as described further below. The specific payment terms and other conditions of these fees and distributions are set forth in the Fund Documents.

### Management Fee

The Client Fund pays HRCP a management fee that is calculated as follows:

1. *during the investment period (generally from the period beginning on the date of the initial closing and ending on the fifth anniversary of the final closing), or a period terminating on an earlier date based on a specified percentage of capital commitments being drawn down or by election of the investors as set forth*

*in the Fund Documents* - 2% of aggregate capital commitments as more fully described in the Fund Documents; and

2. *after the period set forth in (1.) above* - 2% of aggregate funded capital commitments less the amount of distributions made to the investors as a return of capital as more fully described in the Fund Documents.

As set forth in the Fund Documents, the management fees are determined and paid quarterly in accordance with the applicable Fund Documents in advance by the Client Fund. The management fee is paid through capital calls made to investors for the amount of each of the Client Fund's management fees as may be adjusted by applicable offsets described in the Fund Documents. The General Partner directs such funds to be deposited in the account of the Client Fund and subsequently paid to HRCF. Investors are generally not permitted to withdraw from the Client Fund (except in limited circumstances as set forth in the Fund Documents) such that a fee is generally not required to be refunded prior to end of a billing period.

The Client Fund may also indirectly incur other fees (or expenses) payable (or reimbursable) to High Road or its related persons. For example, transaction, monitoring, advisory, investment banking, director's, break-up or other similar fees ("Fee Income") may be payable to the HRCF and its related persons by a portfolio company or prospective portfolio company or other third parties in connection with the acquisition, holding or refinancing of, or add-on acquisition related to, these entities. Fifty percent of the Fee Income received by the HRCF or its related persons is treated as an offset against the management fees next payable. Offsets are carried forward if necessary.

#### **Performance-Based Fee (Carried Interest)**

The General Partner is allocated a carried interest distribution based on cash generated from the sale of the Client Fund's portfolio investments. The carried interest distribution will generally be an amount equal to 20% of the profits from each portfolio investment made by the Client Fund after the return of invested capital and a preferred return to investors. Carried interest allocations are subject to a claw-back based on the aggregate performance of all portfolio investments of the Client Fund. All performance-based fees (carried interest) payable to the General Partner and related persons in connection with the private equity fund sponsored by High Road will be effected consistent with the requirements of Section 205 of the Investment Advisers Act of 1940 (the "Advisers Act"), Rule 205-3.

#### **Fee Waivers/Reductions**

Certain investors of the Client Fund may in the future negotiate different management fees and carried interest terms than those set forth in the Fund Documents (through side letters). In addition, in accordance with the Fund Documents, in their sole discretion, the General Partner may elect to reduce part or all of the management fee that it is otherwise payable pursuant to the terms of the Fund Documents (including the General Partner's ability to elect to fund a portion of its capital contributions by waiving a portion of the management fee).

#### **Participating in Subsequent Closings**

Investors admitted at any closing after the initial closing are required to pay the Client Fund, on a date designated by the General Partner, an amount equal to a portion of their respective capital commitments that would have been drawn down had those persons been investors from the time of the initial closing (plus interest). This amount will include the investor's proportionate share of management fees, fund expenses and original costs of the Client Fund's portfolio investments.

#### **Indemnification**

Under certain circumstances specified in the Fund Documents, the Client Fund is generally obligated under the Fund Documents to indemnify High Road, its affiliates (other than a portfolio company or any other person in which the Client Fund has a direct or indirect interest), and any of their respective controlling persons, officers, directors, partners, shareholders, members, managers and employees (including former employees), and any member of the advisory committee. Investors may be required to fund undrawn commitments and, subject to certain limitations, to

return distributions received by them in order to fund the Client Fund's indemnification obligations or other liabilities.

## **Other Fees and Expenses**

### *Fund Expenses*

HRCP is responsible for all usual overhead expenses of managing the Client Fund, including compensation for High Road's employees, plus the cost of adequate office space and utilities. The Client Fund bears its organizational costs (including the out-of-pocket expenses of the General Partner, High Road and their agents, but excluding placement agents) up to an amount specified in the High Road Fund Documents. Organizational expenses in excess of that amount will be paid by HRCP.

The Client Fund pays all expenses related to its operations, including:

- <sup>3</sup> fees, costs and expenses related to the purchase and sale of investments;
- <sup>3</sup> fees and expenses of custodians, counsel, accountants and consultants;
- <sup>3</sup> any taxes, fees or other government charges levied against the Client Fund;
- <sup>3</sup> insurance;
- <sup>3</sup> litigation costs; and
- <sup>3</sup> any costs and expense incurred in connection with unconsummated transactions.

### *Investor Clawback*

Prior to the expiration of the Client Fund's term, each investor will be required to contribute its proportionate share of any liability or loss incurred by the Client Fund. The amount of this clawback is subject to certain limitations, as set forth in the Fund Documents.

### *Reserves*

The General Partner may, in its discretion, retain any amount (which would otherwise be distributed to the investors in accordance with the Fund Documents) which it deems prudent as reserves to meet future Client Fund expenses or liabilities.

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

The Fund Documents provide that High Road may earn a performance-based fee. High Road does not manage any account for which a performance-based fee is not charged.

## **Item 7 – Types of Clients**

As noted in Item 4 above, High Road provides discretionary investment advisory and management services to the Client Fund (which is organized as a U.S. limited partnership). Interests in the Client Fund and the Client Fund itself are not registered under the U.S. Securities Act of 1933, as amended ("Securities Act") or the U.S. Investment Company Act of 1940, as amended ("Investment Company Act"), respectively. Accordingly, interests in the Client Fund are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions, and the Client Fund is excluded from the definition of an "investment company" under Section 3(c)(7) of the Investment Company Act.

Investors in the Client Fund are required to complete and submit a subscription agreement binding them to the terms of the Fund Documents. The minimum investment for the Client Fund is \$5 million. However, the minimum

investment amount for investors in the Client Fund may be modified to a lesser amount, in the General Partner's discretion and in accordance with the Fund Documents.

Investors in the Client Fund must be "accredited investors" within the meaning of Rule 501(a) under the Securities Act and "qualified clients" within the meaning of Rule 205-3 under the Advisers Act.

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

### **Investment Strategies, Instruments and Certain Related Risks**

The following is a summary of (i) the current strategies and methods of analysis that High Road uses in formulating advice or managing assets (and their material risks) for the Client Funds and (ii) certain material risks associated with the types of securities that High Road primarily recommend to the Client Funds.

*The information included in this brochure does not include every potential risk associated with each investment strategy or security. Investors and prospective investors in the Client Fund are urged to ask questions regarding risk factors applicable to a particular investment strategy or security, read all product-specific risk disclosures (for example, the Fund Documents) and determine whether a particular strategy or type of security is suitable for his/her/its own account in light of his/her/its circumstances, investment objectives and financial situation. Investing in securities involves risk of loss that investors should be prepared to bear.*

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGY**

#### *Investment Criteria*

High Road generally makes control investments in leveraged acquisitions at the smaller end of the middle market with a certain level in annual sales or earnings before interest, taxes, depreciation and amortization (EBITDA). High Road invests in businesses throughout the United States and Canada engaged in manufacturing, service, or value-added distribution, and in most industries. High Road selectively invests in businesses that have one or more of the following attributes: (i) market leadership; (ii) potential to grow into a market leader; and (iii) growth potential. High Road is also interested in companies that are relatively resistant to downturns in the economic cycle; low-tech companies selling into high-tech/high-growth industries; and selective cycle plays at the right point in the economic cycle, provided they meet at least one of the criteria described above. High Road seeks to avoid portfolio companies that have customer concentration, excessive technological risk, excessive regulatory risk and excessive exposure to commodity price cycles. High Road may make exceptions to any of the above criteria if High Road's principals believe there are other attributes that offset the attendant risk.

#### *Investment Strategy*

High Road's investment strategy is to: (i) generally make control investments in leveraged acquisitions at the smaller end of the middle market as described above; (ii) work proactively with management of the portfolio companies to develop and implement value creation in the future; and (iii) sell a larger and better position of the company within three to seven years of acquisition.

#### *Investment Process*

High Road follows a process as described below for sourcing, vetting, negotiating, structuring, managing, and exiting investments.

**Sourcing:** High Road initially employs one dedicated deal sourcing professional to generate deal flow and will add staff as needed in the future. The deal sourcing professional is charged with maintaining existing deal sourcing relationships, and building new relationships with the vast network of deal intermediaries. While the dedicated deal sourcing staff is generally comprised of the core of High Road's deal sourcing effort, High Road may choose to supplement the efforts of its internal deal sourcing by establishing relationships with "buy-side" brokers from time-to-time. See Item 12 for additional information.

**Vetting:** Deal review begins with the deal sourcing professional, who screens incoming deals against High Road's investment criteria. If the deal broadly meets High Road's investment criteria, the deal sourcing professional will present the opportunity to High Road's investment professionals. High Road's investment professionals review new opportunities with the deal sourcing staff on a weekly basis. At that meeting, High Road determines the deals on which it will submit a preliminary bid and discuss valuation for those deals. If High Road is given the opportunity to visit a target company, the deal team fully reviews the materials on the target company and conduct preliminary industry research. After the visit, the deal team prepares a summary of the visit, including the pros and cons of the transaction, and an assessment of the probability of success in the process. At the next weekly meeting, High Road's investment professionals review the visit summary and determine whether to proceed with the process or stop pursuing the deal.

If High Road decides to continue to pursue an opportunity, the deal team reviews and analyzes the available due diligence materials in an effort to determine the stability of earnings, the prospects for growth, and any risks or exposures that are unique to the business. In addition, the deal team prepares a financial model and approach lenders to determine the terms on which financing would be available. The financial model enables High Road to value the business based on the target company's earnings growth, the preliminary capital structure proposals from the lenders, and the multiples paid in similar transactions (if available).

The deal team presents the financial model and a memorandum summarizing the investment in the target company to the High Road investment committee, which consists of all investment professionals of High Road (the "Investment Committee.") In order to issue a letter of intent, the deal team must receive majority approval of the Investment Committee.

**Negotiating and Structuring:** If the letter of intent is accepted by the seller, High Road conducts its full diligence process, which includes engaging outside resources to conduct a market survey, to aid with financial diligence and to assess the risks and exposures from legal, environmental, tax, benefits and insurance perspectives. The deal team will present updates on key findings in diligence to the Investment Committee on a weekly basis. Prior to closing, the deal team will return to the Investment Committee for final approval.

If the Investment Committee votes to approve the transaction, the investors receive a capital call notice and the deal team has the authority to close the transaction. Before funding, the deal team will be required to update the Investment Committee on any material changes to the deal from the terms presented at the final approval Investment Committee meeting.

**Managing:** Two or three High Road partners generally serve on the board of directors of each portfolio company. High Road may work with management to select one or two outside directors who have expertise relevant to the portfolio company. See Item 13 for information with respect to monitoring the portfolio companies invested in by the Client Fund.

**Exiting:** High Road considers whether it is time to exit an investment when the High Road principals believe that the rewards of selling outweigh the risks of continuing to hold an investment. In any event, High Road considers whether it is time to sell a portfolio company when (a) the portfolio company has achieved an EBITDA level at which multiple expansion is likely or (b) exiting the investment can reasonably be expected to generate a certain cash-on-cash return. In addition, High Road will also consider whether it is time to exit an investment when the investment has been owned for over a certain number of years.

When these thresholds are met, High Road reviews the investment internally and may contact investment bankers to informally assess the portfolio company's market value. After meeting with the investment bankers, the High Road board members of the portfolio company recommend to the High Road Investment Committee whether to hold or exit, and, if the recommendation is to exit, which investment bank to use.

## **CERTAIN RELATED RISKS**

For a description of the specific risks relating to the Client Fund, please refer to the Fund Documents for such Client Fund. However, the following risks are generally applicable to the Client Fund.



**No Assurance of Investment Return:** The Client Fund's task of identifying and negotiating private investment opportunities, managing such investments and realizing a significant return for investors is difficult. Many similar partnerships have been unable to make, manage and realize profits on such investments successfully. There is no assurance that the Client Fund will be able to invest its capital on attractive terms, generate returns for its investors or return the capital contributed by them.

**Dependence on Key Personnel:** The success of the Client Fund will be highly dependent on the financial and managerial expertise of the Principals. The loss of one or more of these individuals could have a material adverse effect on the performance of the Client Fund.

**Portfolio Concentration:** Although, in general, no more than 20% of the capital commitments will be invested in any one portfolio company, the Client Fund's portfolio may include a small number of large positions. While this portfolio concentration may enhance total returns to partners in the Client Fund, if any large position has a material loss, then returns to the partners may be lower than if they had invested in a more diversified portfolio.

**Past Performance:** Past performance is no guarantee of future performance. There can be no assurance that the Client Fund's investments will perform as well as the past investments of the High Road principals or any other person described in the Fund Documents or that the Client Fund will be able to avoid losses.

**Nature of Investments:** Most of the Client Fund's investments will be highly illiquid, and there can be no assurances that the Client Fund will be able to realize a return on such investments in a timely manner or at attractive prices. As a result, investment in the Client Fund requires a long-term commitment, with no certainty of return. It is unlikely that there will be near-term cash flow available to the partners in the Client Fund. In some circumstances, the partners may receive distributions in kind. The illiquidity of the Client Fund's investments results from several factors, including the following:

- <sup>3</sup> The Client Fund's investments will involve the purchase of private securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or pursuant to an exemption from registration under the Securities Act. Registering securities under the Securities Act would require a substantial investment of the High Road principals' time and attention and a substantial investment of cash by the issuer of those securities. There can be no assurances that private purchasers will be found for the Client Fund's investments or that a market for the securities of any portfolio company held by the Client Fund would exist even following registration.
- <sup>3</sup> The cultivation of an investment for disposition, together with the disposition itself, may involve a substantial amount of time. Even when an investment is successfully disposed, some of the consideration may be deferred through the use of earn-outs, promissory notes, escrows, holdbacks and other similar arrangements.

A substantial portion of the Client Fund's investments will be in equity or equity-related securities which by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that can result in substantial losses. There can be no assurance that the High Road principals will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Client Fund's activities. As a result, the Client Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. A portion of the Client Fund's investments may involve turnaround or under-performing companies or companies identified by the High Road principals as being in need of additional capital. The financial condition of such companies may be weak or their balance sheets highly leveraged, and any investments in them may involve additional risk.

**Risks Upon Disposition:** In connection with the disposition of an investment, the Client Fund may be required to make representations about the business and financial affairs of the company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. Although HRCP attempts to structure exit transactions to avoid indemnity obligations for the Client Fund, the Client Fund also may be required to indemnify the purchasers of such investment or underwriters to the

extent that any such representations turn out to be inaccurate or misleading. These arrangements may expose the Client Fund to contingent liabilities that ultimately might yield funding obligations that must be satisfied by the partners in the Client Fund to the extent required by the Client Fund's limited partnership agreement.

**Smaller-Middle Market Companies:** A component of the Client Fund's investment strategy is to invest in smaller-middle market companies. While investments in smaller-middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large companies. Small and medium-sized companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Client Fund to react quickly to negative economic or political developments.

**Leverage:** The Client Fund may invest in companies whose capital structures have significant leverage. In addition, the Client Fund may increase the leverage of a portfolio company by using promissory notes or other indebtedness issued by the portfolio company as part of the purchase consideration. Although the Client Fund will seek to use leverage in a prudent manner, the leveraged capital structure of portfolio companies will increase the exposure of the those companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio company or its industry. Because the securities in which the Client Fund will invest will likely be among the most junior in a portfolio company's capital structure, the inability of a portfolio company to service its debt obligations could result in a loss of the Client Fund's investment.

**Difficulty of Locating Suitable Platform Companies:** The success of the Client Fund will depend on the ability of the High Road principals to identify suitable platform companies, to negotiate and arrange the closing of appropriate transactions and to arrange a timely disposition on favorable terms. Although the Principals have been successful in identifying suitable platform companies in the past, there can be no assurances that there will be a sufficient number of suitable platform company opportunities to enable the Client Fund to invest all of its committed capital in opportunities that satisfy the Client Fund's investment objectives, or that such investment opportunities will be completed by the Client Fund. Identification of attractive platform company opportunities generally will be subject to market conditions. Competition for such opportunities is expected to be substantial.

**Need for Add-on Acquisitions:** The High Road principals intend to create value in platform companies by making selective add-on acquisitions. There can be no assurance that the Client Fund will be able to complete attractive add-on acquisitions or that it will have sufficient funds to do so. Failure to make add-on acquisitions may have a substantial negative impact on a platform company in need of such an investment or may diminish the Client Fund's ability to influence the platform company's future development.

**Illiquidity of Limited Partner Interests:** The limited partners' interests in the Client Funds are highly illiquid, have no public market and are not transferable except with the prior consent of the General Partner, which may be granted, rejected or conditioned. Voluntary withdrawals of such interests are not permitted, except in limited instances when necessary to comply with regulations under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

**No Right to Control the Client Fund's Operations:** Limited partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Client Fund. In order to safeguard their limited liability for the liabilities and obligations of the Client Fund, limited partners must rely entirely on High Road to conduct and manage the business of the Client Fund.

**Risks Arising from Provisions of Managerial Assistance:** The Client Fund will generally structure its investments so that it will be a "venture capital operating company" within the meaning of regulations promulgated under ERISA. This requires that the Client Fund obtain rights to participate substantially in and to influence substantially the conduct of the management of the majority of the portfolio companies. The Client Fund will

typically designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Client Fund to claims by a portfolio company, its security holders and its creditors. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims against the Client Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and could expose the Client Fund to claims that it has interfered in management to the detriment of a portfolio company. While the General Partner intends to manage the Client Fund in a way that will minimize exposure to the risks, the possibility of successful claims cannot be precluded.

**Consequences of Default:** In the event that a limited partner fails to fund any portion of its capital commitment when due, such limited partner could be subject to the default provisions under the Client Fund's limited partnership agreement.

**Carried Interest:** The existence of "carried interest" may create an incentive for the General Partner to cause the Client Fund to make riskier or more speculative investments than would be the case in the absence of this arrangement. In addition, the method of calculating the General Partner's carried interest may result in conflicts of interest with respect to the management and disposition of investments, including with respect to the timing of dispositions.

**Reinvestment:** During the investment period of the Client Fund, proceeds distributable (or previously distributed) to the limited partners that constitute a return of capital contributions may be reinvested (or recalled for reinvestment) by the General Partner. Accordingly, a limited partner may be required to fund an aggregate amount in excess of its Commitment, but at no time will a limited partner have aggregate capital at risk in excess of its capital commitment. Regardless, during the investment period, management fees will be calculated on the total amount of capital commitments, and thereafter on invested capital.

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

**General Economic Conditions:** General economic conditions may affect the Client Fund's activities. Interest rates, general levels of economic activity and participation by other investors in the financial markets may affect the value and number of portfolio investments. Potential investors should realize that the General Partner may determine to delay realization events to the Limited Partners as a result of general economic conditions, illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned herein. While under normal circumstances distributions will be made in cash, it is possible that certain distributions to the limited partners may be made in kind and could constitute securities for which there is no readily available public market and with respect to which there are substantial transfer restrictions.

## **Item 9 – Disciplinary Information**

Form ADV Part 2 requires investment advisers such as High Road to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to the evaluation of its advisory business or the integrity of its management. High Road has no information to report that is applicable to this item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

HRCP is an affiliate of the General Partner of the Client Fund in that they are commonly controlled.

As explained in Item 5 above, Fee Income may be payable to the HRCP and its related persons by a portfolio company or prospective portfolio company or other third parties in connection with the acquisition, holding or

refinancing of, or add-on acquisition related to, these entities. Fifty percent of the Fee Income received by the HRCF or its related persons is treated as an offset against the management fees next payable. Offsets are carried forward if necessary.

Generally, two or three High Road partners serve on the board of directors of each portfolio company in which the Client Fund invests. Among other things, High Road may work with management to select one or two outside directors who have expertise relevant to the portfolio company. See Item 13 for additional information. Serving as a board director of a portfolio company in which the Client Fund invests may give rise to conflicts to the extent that a High Road partner's fiduciary duties to a portfolio company as a director may conflict with the interests of Client Funds. Disclosure of such role to potential and current Client Fund investors is intended to mitigate this potential conflict of interest.

High Road also can present potential conflicts of interest to the advisory committee of the Client Fund as set forth in the Fund Documents. Each advisory committee consists of certain investors in each Client Fund.

### **Letters of Understanding a/k/a "Side Letters"**

High Road has the right to enter and has entered into agreements, such as side letters, with certain investors of the Client Fund. These agreements have the effect of establishing rights under, altering or supplementing the terms of the Fund Documents in a manner more favorable to such investors. Certain side letter terms may be granted to incentivize or permit investors to invest with High Road, invest certain amounts or invest with High Road in the future.

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

### **Code of Ethics**

High Road's Code of Ethics provides a standard of conduct for, among other things, the personal trading of High Road's investment professionals. The standard of conduct is based upon fundamental principles of openness, integrity, honesty and trust. Under the Code of Ethics, High Road's investment professionals must provide High Road with initial and annual holdings reports (excluding accounts holding certain securities or discretionary accounts) and quarterly transactions reports. Pre-clearance of non-exempt and non-reportable personal investment transactions of employees is required. To prevent conflicts of interest, all personal trades made by investment professionals of High Road are reviewed by supervisory personnel (except transactions in investment company securities and/or other exempt transactions including, for example, government securities, money market instruments, money market funds, open-end mutual funds and unit investment trusts). Additionally, employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. High Road will review violations of its Code of Ethics to determine appropriate internal sanctions. The Code of Ethics also recognizes that as an investment adviser registered under the Advisers Act, High Road has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

Prospective and current investors in the Client Fund may obtain a complete copy of High Road's Code of Ethics free of charge by submitting a written request to Ivane Chou, Chief Compliance Officer and Controller, at (212) 554-3277 or [ichou@highroadcap.com](mailto:ichou@highroadcap.com).

### **Participation or Interest in Client Transactions and Personal Trading**

High Road and its related persons receive certain fees from the portfolio companies (see Item 10 above). This may create a conflict of interest between High Road's obligation to act in the best interests of the Client Fund and economic interest of High Road and/or its related persons. These fees are reported annually to the advisory committee of the applicable Client Fund, generally disclosed in the Client Fund's audited financial statements, offset against the management fee as described in Item 5, and paid consistent with High Road's obligation to seek best execution.

High Road's related persons may invest in a Client Fund directly and/or through a General Partner's interest in a Client Fund. High Road and its related persons generally cannot invest in the portfolio companies that are also invested in by the Client Fund except as described in the foregoing sentence or as set forth in the Fund Documents. Currently, there are no co-investments made in any portfolio investment. However, if co-investment opportunities exist, after the Client Fund has invested as much as the General Partner has determined is advisable, the General Partner in its sole discretion may make co-investment opportunities available to certain investors. Such opportunities will be offered to such investors on an opportunistic basis before such opportunities are made available to third parties. Co-investments may be made through a co-investment vehicle controlled by the General Partner, which may be designed to allow the General Partner to receive a customary carried interest on the co-investment. The Client Fund may also make investment opportunities available to lenders or third parties that are expected to add value to the portfolio company. The Client Fund may also allow or require broker-dealers (as defined in Item 12) that facilitate a portfolio investment to invest a portion of their fees in the applicable portfolio company. Those investments will not be considered co-investments, and the General Partner will not be required to offer them to any investor. This may create a conflict of interest between High Road's obligation to act in the best interests of the Client Fund and economic interest of High Road and/or its related persons.

High Road has put in place Personal Trading Policies and Procedures, as set forth in the Code of Ethics and as discussed more fully above in this Item 11, designed, among other things, to address the conflicts of interest that arise in connection with personal trading. Disclosure to potential and current investors is intended to mitigate this potential conflict of interest. Additionally, as indicated previously, High Road also can present potential conflicts of interest to the advisory committee of the Client Fund as set forth in the Fund Documents.

High Road and/or its related persons may receive certain benefits, such as discounts on products or services, from companies in which a Client Fund holds a significant ownership interest.

High Road does not generally engage in principal or cross transactions. However, in accordance with the anti-fraud provisions of the Advisers Act and with High Road's internal compliance policies and procedures, if High Road were to engage in principal or cross transactions, High Road will not without obtaining the consent of such Client Fund prior to the settlement of such transaction: (i) as principal, sell a security to, or buy a security from, any Client Fund; or (ii) to the extent there is more than one Client Fund, cause the Client Funds to participate in cross transactions in which High Road arranges for a Client Fund to buy a security from, or sell a security to, another Client Fund. In particular, High Road will not engage in such transactions without providing appropriate disclosure and obtaining the prior informed consent from the investors or the advisory committee of the Client Funds.

## **Item 12 – Brokerage Practices**

### **Selection of Broker-Dealers**

High Road has the authority to select buy-side broker-dealers, investment bankers, finders, agents and related intermediaries (collectively, "broker-dealers") for the Client Fund's transactions. High Road may engage broker-dealers that assist (i) in identifying and introducing prospective portfolio companies for acquisition, merger or capital investment with respect to buy-side broker-dealers; or (ii) other such transactions as determined by High Road.

When selecting broker-dealers, High Road will seek best execution on an overall basis — *i.e.*, completing Client Fund transactions at the most favorable net price considering all relevant circumstances. In connection with its determination of whether best execution has been obtained, High Road will consider the full range of services available from and the characteristics of each broker-dealer or investment banker. Such services and characteristics may include, but are not limited to the following:

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| <sup>3</sup> valuation capabilities;   | <sup>3</sup> overall reliability,                              |
| <sup>3</sup> responsiveness,           | <sup>3</sup> ability to provide useful ideas and market color; |
| <sup>3</sup> experience,               | <sup>3</sup> industry knowledge and expertise; and             |
| <sup>3</sup> reputation and integrity, | <sup>3</sup> brokerage and research products and services.     |

Transactions involving broker-dealers will generate a higher costs for which is borne by the Client Fund involved in the transaction and not High Road.

When retaining broker-dealers for portfolio transactions, High Road is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange transactions to obtain the lowest brokerage commission rates. High Road is also not required to solicit competitive bids. High Road does not negotiate “execution only” commission rates. Thus, if High Road determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the brokerage and research products or services provided by such broker-dealer, the Client Fund may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge for similar services.

### **Research and Other Soft Dollar Benefits**

Various broker-dealers may provide High Road or its related persons certain research and services at no charge as an incident of doing business with such broker-dealers, but only where (i) there is no arrangement to direct a specific amount of High Road’s business to such broker-dealers in exchange for such items and (ii) High Road does not “pay up” for such items in the form of higher fees or commissions on Client Fund transactions. Such research may include, but is not limited to proprietary and third-party research, which may be written, oral or on-line. Services may include, but are not limited to: research services (which may be in written or oral form or on-line) research concerning market, economic and financial data, statistical information, financial publications, performance measurement data and services, analyses concerning specific portfolio companies, other companies or sectors, market, economic and financial studies and forecasts, on-line pricing and financial information, valuations and related information, attendance fees and accommodations for attending professional conferences, networking and related recreational events, accommodations at conferences and other services, to the extent related in any way to any of the foregoing.

The provision by a broker-dealer of research and other products or services to High Road creates an incentive for High Road or its related persons to select such broker-dealer since High Road and its related persons would not have to pay for such research and other services as opposed to solely seeking the most favorable transaction costs for the Client Fund. Any research or services provided by a broker-dealer may benefit the Client Fund and such benefits may not be proportionate to brokerage services related to the provision of such research, services or property.

### **Brokerage for Client Referrals**

High Road does not consider whether it has received an investor referral from broker-dealers in selecting or recommending broker-dealers to the Client Funds.

### **Directed Brokerage**

High Road does not enter into directed brokerage arrangements.

### **Allocations of Investment Opportunities**

High Road currently has one Client Fund. However, to the extent High Road has more than one Client Fund, High Road has adopted policies and procedures such that in the event there is an investment opportunity of limited availability, such an investment will be allocated in a fair and equitable manner in the best interests of the Client Funds and based on the suitability of the opportunity and the available capital of the relevant Client Funds for such investment.

### **Transaction Aggregation and Allocation**

High Road currently has one Client Fund and each transaction is entered into one deal at a time (*i.e.*, no more than one transaction is occurring at the same time). Thus, there is no transaction aggregation or allocation needed.

## **Item 13 – Review of Accounts**

### **Frequency and Nature of Review of Client Fund’s Account**

High Road’s partners serve on the board of directors of each portfolio company in which the Client Fund invests. Such partners along with other High Road investment professionals monitor the performance of the portfolio company in relation to the formal strategic plan which is created by High Road and the management team of such portfolio company. At each portfolio company board of directors’ meeting, the management team will be required to report on the progress of the various initiatives outlined in the strategic plan. High Road schedules regular board meetings for each portfolio company. At board meetings, the management team reports on the company’s financial performance versus prior year and versus plan, and on the portfolio company’s progress relative to the strategic plan. The High Road investment professionals attending the board meeting report back to High Road’s Investment Committee following each board meeting. In addition to the formal communications at the board meeting, High Road’s investment professionals review the monthly financial statements with the management team and have frequent informal conversations about the portfolio company’s performance. High Road’s investment professionals generally are in contact with the top executives of the Client Fund’s portfolio companies on a regular basis. However, non-periodic reviews may occur at times when High Road board members desire to talk with the management team of a portfolio company sooner than the scheduled weekly calls.

### **Reports to Investors in the Client Fund**

After the end of each fiscal year, the Client Fund will cause to be furnished annual financial statements audited by an independent public accounting firm to every investor who had an interest in the Client Fund at the end of the fiscal year. Unaudited quarterly reports are also sent to the investors as well as annual Schedule K-1s. The unaudited quarterly reports provide narrative and unaudited summary financial information with respect to the Client Fund. The audited financial statements and unaudited portfolio reports are prepared in accordance with U.S. generally accepted accounting principles. The reports provided to investors in the Client Fund are written and the dates of delivery are specified in the Fund Documents.

## **Item 14 – Client Referrals and Other Compensation**

High Road currently does not receive economic benefits from a person other than a Client Fund for providing advice or other advisory services to the Client Fund. Neither High Road nor its related persons directly or indirectly compensate any person who is not a supervised person for investor or client referrals. However, High Road has the ability to enter into arrangements with third parties (including affiliated third parties) whereby such third parties receive fees for referring investors to the Client Fund. If High Road chooses to enter into such arrangements, all fees for such arrangements will be ultimately borne through an offset in the management fee and none of the investors in the Client Fund will be subject to any increased or additional fees or charges related to such arrangements. Any such compensation will only be paid by High Road if the investor is aware of the fee arrangement (through disclosures in the Fund Documents) and the arrangement otherwise complies with applicable rules and regulations.

## **Item 15 – Custody**

To the extent required by law, the Client Fund’s securities and funds are held by qualified custodians. As described in Item 13, the Client Fund is subject to an annual audit performed by an independent public accounting firm and the audited financial statements are distributed by High Road’s administrator to each investor in the Client Fund. Additionally, investors in the Client Fund receive from High Road’s administrator unaudited quarterly reports. The audited financial statements and unaudited portfolio reports are prepared in accordance with U.S. generally accepted accounting principles. Investors in the Client Fund are urged to carefully review such audited financial statements.

## **Item 16 – Investment Discretion**

High Road has discretionary authority based on the investment objective, policies and strategies in the Client Fund’s Fund Documents that, among other things, govern High Road’s ability to buy and sell securities or other investments

on behalf of the Client Fund. High Road typically assumes this authority through such documents. The terms of the Client Fund restrict High Road's advice concerning investment in certain securities or types of securities.

### **Item 17 – Voting Client Securities**

Generally, High Road does not acquire securities that require it to vote proxies on behalf of the Client Fund. However, High Road has adopted proxy voting policies and procedures designed to ensure that where the Client Fund has delegated proxy voting authority to High Road, all proxies are voted in the best interests of the Client Fund without regard to the interests of High Road or its related persons. The Client Fund may not direct High Road's vote in a particular solicitation. Proxies and solicitations will not be sent by High Road, but rather will be sent by the custodian with whom the Client Fund's assets are held or the applicable transfer agent.

From time to time, conflicts may arise between the interests of the investors in the Client Fund, on the one hand, and the interests of High Road or its related persons, on the other hand. If High Road determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, High Road will address matters involving such conflicts of interest on a case-by-case basis in the best interests of the Client Fund, which may include disclosure of the facts surrounding any such material conflict to the advisory committee of the Client Fund for consent before voting.

Investors in the Client Fund may obtain a complete copy of High Road's Proxy Voting Policy and Procedures or, to the extent a proxy was voted by High Road for the Client Fund, information on how High Road voted proxies for the Client Fund free of charge by submitting a written request to Ivane Chou, Chief Compliance Officer and Controller, at (212) 554-3277 or [ichou@highroadcap.com](mailto:ichou@highroadcap.com).

### **Item 18 – Financial Information**

High Road is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Client Fund, and has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 19 – Requirements for State-Registered Advisers**

Form ADV Part 2 requires responses to Item 19 if an investment adviser is registered with one or more state securities authorities. This item is not applicable to High Road.