

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

BLUE SEA CAPITAL LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Blue Sea Capital LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (561) 655-8400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

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

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

MATERIAL CHANGES

Blue Sea Capital LLC (the “**Management Company**”) is a newly registered investment adviser and this is its initial Brochure. For future Brochures, this page will describe any material changes made since the previous Brochure.

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ADVISORY BUSINESS

Blue Sea Capital LLC (the “**Management Company**” and together with its affiliated entities, “**Blue Sea Capital**”), the registered investment adviser, is a Delaware limited liability company. The Management Company commenced operations in October 2012.

Blue Sea Capital Management I LP (“**General Partner I**”), a Delaware limited partnership and the general partner of Fund I (defined below), and any other future general partner of a Fund (defined below) (each, a “**General Partner**” and together with the Management Company, the “**Advisers**”) are, or will be, registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure describes the business practices of the Management Company and each General Partner, which together operate as a single advisory business. No General Partner has personnel other than those persons associated with the Management Company. The Advisers have not yet begun investment activities; therefore all descriptions of the Advisers’ investment activities describe the Advisers’ expected investment activities.

The Advisers provide discretionary investment advisory services to their clients, which consist of private investment funds (each, a “**Fund**,” and together with any future private investment fund for which the Advisers provide investment advisory services, the “**Funds**”), including Blue Sea Capital Fund I LP, a Delaware limited partnership (“**Fund I**”). The Funds are expected to invest through negotiated transactions in operating companies. The Advisers’ investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals (the “**Principals**”) or other personnel of Blue Sea Capital may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

Blue Sea Capital’s advisory services for the Funds are detailed in the applicable private placement memorandum (each, a “**Memorandum**”) and limited partnership agreement (or similar governing document) (each, a “**Partnership Agreement**” and together with the Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. Investors in the Funds participate in the overall investment program for the applicable Fund, but investors in certain Funds may be excused from a particular investment due to legal, regulatory or other applicable constraints or other agreed upon reasons. The Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing a Fund’s Governing Documents, including provisions relating to fees and distributions.

As of the date hereof, the Advisers have no assets under management, but they expect to manage more than \$100 million in assets on a discretionary basis within 120 days of the date

hereof. The Management Company is principally owned by James R. Davis, Jr. Mark J. Silk and Richard J. Wandoff.

FEES AND COMPENSATION

In general, the Advisers receive a management fee (the “**Management Fee**”) and a carried interest in connection with advisory services they provide to clients. Blue Sea Capital or persons affiliated with it may receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of the Funds and such additional compensation may offset in whole or in part the Management Fees otherwise payable to Blue Sea Capital. Investors in the Funds also bear certain fund expenses, as described below. The following is a general description of fees, compensation, and expenses of the Funds. Differences may exist among Funds, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. For example, the Advisers may provide investment advisory services to certain Funds designed to co-invest alongside certain other Funds (each such Fund, a “**Co-Invest Fund**”), and investors in such Co-Invest Funds may not pay any fees or carried interest. Prospective and existing Fund investors should review the applicable Fund’s Governing Documents for details regarding its fees, compensation and expenses.

Management Fees

During a Fund’s investment period, such Fund will generally pay the General Partner an annual Management Fee, payable quarterly in advance, equal to 2% of its aggregate commitments until the fiscal quarter after (i) the Fund reaches the sixth anniversary of its effective date or (ii) if earlier, the date Blue Sea Capital begins receiving a Management Fee from a substantially similar Fund or six months after the date of the permanent expiration or termination of the Fund’s investment period as a result of the occurrence of certain events stated in the Fund’s Governing Documents. For each quarterly period thereafter, the annual Management Fee will generally be equal to 2% of the Fund’s aggregate investment contributions, subject to certain reductions as determined pursuant to the Governing Documents.

In addition, the Management Fee generally will be reduced by a specified percentage of a Fund’s share of: (i) any directors’ fees, consulting fees or monitoring fees earned by Blue Sea Capital from portfolio companies; (ii) any transaction fees paid by portfolio companies to a General Partner; and (iii) any break-up fees from transactions not completed that are paid to a General Partner. However, as described more fully in the Governing Documents of each Fund, Blue Sea Capital and/or certain of its personnel may provide services to (or with respect to) certain portfolio companies in which one or more Funds may invest. In connection with such services, Blue Sea Capital and/or such personnel may receive fees and/or other compensation from such portfolio companies, and such compensation may not offset the Management Fee.

Each General Partner generally reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment shall reduce the amount of capital contributions a General Partner and its affiliates would otherwise be required to contribute after the date such waived amount would otherwise be due in return for a profits interest in the applicable Fund.

The Management Fee with respect to a Fund will commence as of the effective date of such Fund based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the respective General Partner's discretion, from drawdowns that will reduce unfunded commitments. Installments of the Management Fee payable for any period other than a full quarterly period are adjusted on *pro rata* basis according to the actual number of days in such period.

Carried Interest

Each General Partner generally is entitled to receive a carried interest with respect to each Fund equal to 20% of all realized profits subject to an 8% annually compounded preferred return and a related General Partner catch-up provision, as more fully described in the applicable Governing Documents. The carried interest distributed to a General Partner is subject to a potential giveback at the end of a Fund's life and as of any earlier dates set forth in the Governing Documents if the respective General Partner has received excess cumulative distributions.

Other Information

Blue Sea Capital may exempt certain investors in the Funds, including any Blue Sea Capital person, from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption, through a Co-Invest Fund or as otherwise permitted by applicable Fund Governing Documents. Principals or other employees of Blue Sea Capital may receive a portion of the Management Fee, carried interest or other compensation received by the General Partner.

Each Fund generally invests on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Governing Documents, over the Fund's term, and investors generally are not permitted to withdraw or redeem interests in the Fund.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses, as set forth in its Governing Documents. Typically, each Fund bears all organizational expenses, subject to any applicable limitations in its Governing Documents, and costs, expenses, liabilities and obligations of the Fund's activities, investments and business to the extent not reimbursed by portfolio companies, including: all costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, winding up, liquidating, dissolving and disposing of Fund investments (including interest on money borrowed, registration expenses and brokerage, finders', financing, appraisal, custodial and other fees and alternative investment vehicle costs and expenses) or relating to investment and disposition opportunities for the Fund not consummated; legal, accounting, administration, auditing, insurance, travel, litigation and indemnification costs and expenses, judgments and settlements, consulting, finders', financing, appraisal, filing, reporting and other fees and expenses (including extraordinary expenses, expenses associated with the Fund's financial statements, tax returns and Schedule K-1s or any other Fund-related reporting or filing); advisory board expenses; out-of-pocket expenses incurred in connection with the annual limited partners'

meeting and any other periodic meeting or conference with one or more limited partners; and any taxes, fees and other governmental charges levied against the Fund. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” each General Partner typically receives a carried interest allocation on certain realized profits in a Fund. A carried interest allocation represents an investment adviser’s compensation based on a percentage of net profits of the funds it manages. Blue Sea Capital may also advise certain Co-Invest Funds that are not charged a carried interest. While this practice could present a conflict of interest, Blue Sea Capital does not believe it creates an actual conflict of interest since Co-Invest Funds are designed to invest alongside, not compete with, other Funds, and are typically subject to various limitations set forth in the applicable Governing Documents.

TYPES OF CLIENTS

The Advisers provides investment advice to the Funds. Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in the Funds may include high net worth individuals, institutional investors, such as banks or thrift institutions, insurance companies, corporations, pension and profit-sharing plans, trusts or estates, charitable organizations or other investment or business entities, or, directly or indirectly, Blue Sea Capital’s Principals or other employees.

The Funds typically have a minimum investment amount of \$5 million for third-party investors. Generally, investors are (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) for certain Funds, either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. Blue Sea Capital may waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment and Operating Strategy

The following is a summary of the investment strategies and methods of analysis generally employed by Blue Sea Capital on behalf of the Funds. More detailed descriptions of each Fund’s investment strategies and methods of analysis are included in its Memorandum.

Blue Sea Capital intends to act primarily as the lead sponsor in making equity and equity-related investments in lower middle market companies headquartered in the United States, with a specific focus on acquiring businesses in sectors in which its team has deep collective prior experience: aerospace & defense, healthcare and industrial growth. Blue Sea Capital’s investment strategy includes:

- Targeting differentiated but under-developed, entrepreneurial, lower middle market companies positioned to benefit from Blue Sea Capital's strong sector and hands-on operating experience;
- Pursuing attractive, fragmented, defensive growth verticals where its investment professionals maintain deep domain expertise, close relationships with transaction sources and established networks of industry executives; and
- Creating fundamental value through an execution-oriented process based upon building better companies through organizational enhancements, growth initiatives and operational improvements that are implemented in partnership with management.

Risks of Investment

The Funds and their investors bear the risk of loss that Blue Sea Capital's investment strategy entails. There can be no assurance that the Advisers will meet a Fund's investment objectives or otherwise be able to successfully carry out its investment program or that there will be any return of capital. A prospective investor should only invest in a Fund as part of an overall investment strategy and only if such investor is able to withstand a total loss of its investment. Investors should not construe the performance of earlier investments by the Advisers or their affiliates as providing any assurances regarding the future performance of a Fund. The risks typically involved with the Advisers' investment strategy and an investment in each Fund are generally described below. However, investors should review the applicable Fund's Memorandum for information regarding risks specific to that Fund.

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

Future and Past Performance. The performance of the Principals' prior investments is not necessarily indicative of the Fund's future results. While the Advisers intend for the Fund 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. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which the 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 the Fund's investment once made.

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

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

Healthcare Regulation, Reimbursement and Reform. Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Fund intends to 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 the 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 United States federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry.

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

Leveraged Investments. The Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the 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 also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the 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 debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is

desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

Limited Transferability of Fund Interests. There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners.

Reliance on the Advisers and Portfolio Company Management. Control over the operation of the Fund will be vested with the Advisers, and the Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend on the actions of the Advisers. In addition, certain changes in the Advisers or circumstances relating to the Advisers may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the Advisers will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Absence of Operating History. The Fund has no operating history and will be entirely dependent on the Advisers. While the Principals have previous experience making and managing investments similar to those contemplated by the Fund, only certain of the Principals have limited experience managing and investing a committed pool of funds. Furthermore, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the Principals. In addition, the Fund's investments may differ from previous investments made by the Principals in a number of respects.

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

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

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

Non-U.S. Investments. The Fund 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 the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (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.

Significant Adverse Consequences for Default. The Partnership Agreement provides for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from the Fund, a defaulting limited partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited partners admitted to the Fund at subsequent closings generally will participate in then-existing investments of the 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 the Fund's existing investments at the time of such contributions.

Public Company Holdings. The Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the 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 the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals, and increased costs associated with each of the aforementioned risks.

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

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self reinforcing" economic downturn. Limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. 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. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which the Fund makes investments.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Ability to Finance and Consummate Investments. The Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that marketplace events affect the ability to obtain favorable financing for its investments, such events may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Fund to realize its investments at favorable times or for favorable prices.

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 Fund's activities, including the ability of the Fund to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives, or on the Principals, employees or other individuals associated with the Fund or the Advisers, which could make it more difficult for Blue Sea Capital to incentivize, attract and retain individuals to perform services for the Fund.

Additional Fees and Compensation. The Advisers and their affiliates likely will perform management, financial advisory and other services for, and receive fees, including monitoring, director and transaction fees, from, portfolio companies, which fees may be in addition to Management Fees and carried interest paid by a Fund. The Advisers may determine or strongly influence the amount of such fees that they or their affiliates receive, and the amount of such fees may be substantial. Such fees received by the Advisers and their affiliates may create a conflict with respect to such Fund's interests if such fees are not sufficiently supported by benefits received by such Fund. Certain decisions made by the Advisers may be influenced by this conflict of interest, including decisions with respect to the amount of such fees. In addressing such conflicts, the Advisers seek to act in a fair and equitable manner consistent with their fiduciary duties to a Fund. In addition, the Advisers believe that the offset of such fees against the Management Fee will tend to reduce such conflicts.

Conflicts of Interest

During the investment period of the most recently formed Fund, Blue Sea Capital will pursue all appropriate investment opportunities exclusively through such Fund, as described and subject to any exceptions in the applicable Governing Documents. However, Blue Sea Capital may manage other investment funds and investments similar to those in which the Funds invest, and may direct certain relevant investment opportunities to those investment funds and investments. Blue Sea Capital's investment staff will continue to manage and monitor such investment funds and investments. In particular, one of the Principals is currently actively involved in an investment similar to those in which Fund I will be investing and which may compete with companies acquired by Fund I. Such person will continue to manage and monitor such investment, although the time required to do so is expected to be less than the time that will be spent on Fund I matters. Blue Sea Capital believes that the significant investment of Blue Sea Capital and the Principals in a Fund, as well as their interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of Blue Sea Capital with the interest of the partners of such Fund, although Blue Sea Capital and the Principals may have economic interests in such other investment funds and investments as well and may receive management

fees and carried interests relating to these interests. Such other investment funds and investments that Blue Sea Capital may control may compete with a Fund or companies acquired by a Fund. Following the investment period for a particular Fund, Blue Sea Capital and the Principals may, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Blue Sea Capital may be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of Blue Sea Capital. In determining which investment vehicles should participate in such investment opportunities, Blue Sea Capital and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Blue Sea Capital attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Blue Sea Capital's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. Where necessary, Blue Sea Capital may consult and receive consent to conflicts from an advisory board consisting of limited partners of the applicable Fund(s) and such other investment vehicles, if any.

Blue Sea Capital may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners of a Fund and/or other persons. Co-Invest Funds may be established in order to invest alongside one or more other Funds, and Blue Sea Capital may have limited discretion to invest the assets of these Co-Invest Funds independent of the limitations set forth in the Governing Documents of such Co-Invest Funds and associated Fund. Participation in co-investment opportunities or Co-Invest Funds may be limited, including as may be set forth in a Fund's Governing Documents.

Because each General Partner's carried interest is based on a percentage of net realized profits, it may create an incentive for Blue Sea Capital to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Since Blue Sea Capital is permitted to retain certain supplemental fees (as described under "Fees and Compensation") in connection with Fund investments, it could have a conflict of interest in connection with approving transactions. Blue Sea Capital attempts to resolve such conflict by offsetting the Management Fee by a portion of such supplemental fees.

DISCIPLINARY INFORMATION

Blue Sea Capital and its management persons have not been subject to any legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under "Advisory Business" above, the Management Company is affiliated with General Partner I and, in the future, may be affiliated with additional General Partners. Each General Partner is, or will be, registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Advisers operate as a single advisory business and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

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

- report their personal securities holdings and transactions;
- pre-clear any proposed purchase in an initial public offering or limited offering;
- pre-clear any securities transaction involving a security on the restricted list; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to Blue Sea Capital’s Chief Compliance Officer at (561) 655-8400. Personal securities transactions by Blue Sea Capital personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

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

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

Principals and other employees of Blue Sea Capital and its affiliates may directly or indirectly own an interest in the Funds or Co-Invest Funds. To the extent that Co-Invest Funds exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

The Funds may invest together with other private investment funds advised by an affiliated adviser of Blue Sea Capital in the manner set forth in the applicable Governing Documents. Blue Sea Capital will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and its investment allocation policy.

Blue Sea Capital and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles or other persons that may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

BROKERAGE PRACTICES

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

If Blue Sea Capital sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Blue Sea Capital. In such event, Blue Sea Capital will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Blue Sea Capital may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

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

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

To the extent that Blue Sea Capital allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

Blue Sea Capital does not anticipate engaging in significant public securities transactions; however, to the extent that Blue Sea Capital engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Blue Sea Capital may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Blue Sea Capital may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund is favored over any other Fund.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

REVIEW OF ACCOUNTS

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

Blue Sea Capital generally will provide to Fund limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner’s U.S. tax returns, and (iv) descriptive investment information for each portfolio company quarterly.

CLIENT REFERRALS AND OTHER COMPENSATION

Blue Sea Capital and/or its affiliates may provide certain business or consulting services to companies in a Fund’s portfolio and may receive fees from these companies in connection with such services. As described in the applicable Fund’s Governing Documents, while certain compensation may, in many circumstances, offset a portion of the Management Fees paid by a Fund, amounts received by Blue Sea Capital or a Blue Sea Capital person from a portfolio company as reimbursement for expenses, as payment for services provided in the ordinary course of business to such portfolio company or as compensation for services provided by such person as an employee of or in a similar capacity for such portfolio company or any of its subsidiaries generally do not offset a Fund’s Management Fee.

From time to time, Blue Sea Capital may enter into solicitation arrangements pursuant to which the Advisers compensate third parties for referrals that result in a potential investor

becoming a limited partner in a Fund. Any fees and expenses payable to any such placement agents will generally be borne by the Advisers directly or indirectly through an offset against the applicable Fund's Management Fee. In connection with Fund I, the Advisers retained Lazard Frères & Co. LLC ("**Lazard**"), a U.S. registered broker-dealer, to solicit investors for Fund I. As compensation for its efforts, Lazard is entitled to a fee based on a percentage of Fund I's commitments.

CUSTODY

As required by the Advisers Act, Blue Sea Capital will maintain accounts, either in the Fund's name or in an Adviser's name for the benefit of the Fund, with one or more qualified custodians to hold funds and/or securities on behalf of each Fund.

INVESTMENT DISCRETION

Blue Sea Capital has discretionary authority to manage investments on behalf of the Funds. As a general policy, Blue Sea Capital does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Blue Sea Capital generally may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other agreed upon reasons. Blue Sea Capital assumes this discretionary authority pursuant to the terms of the Governing Documents.

VOTING CLIENT SECURITIES

Blue Sea Capital has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Blue Sea Capital votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Blue Sea Capital generally believes its interests are aligned with those of a Fund's investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Blue Sea Capital 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 Blue Sea Capital's vote in a particular solicitation. Blue Sea Capital does not consider service on portfolio company boards by Blue Sea Capital personnel or Blue Sea Capital'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 Blue Sea Capital when voting proxies on behalf of a Fund. A client or prospective client that would like a copy of Blue Sea Capital's complete Proxy Policy or information regarding how Blue Sea Capital voted proxies for particular portfolio companies should contact Blue Sea Capital's Chief Compliance Officer at (561) 655-8400, and it will be provided at no charge.

FINANCIAL INFORMATION

Blue Sea Capital does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.