

Item 1 – Cover Page

Form ADV Part 2A and B: FIRM BROCHURE



WYNNCHURCH | CAPITAL

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This Brochure provides information about the qualifications and business practices of Wynnchurch Capital, LLC (“Wynnchurch Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (847) 604-6100 or [rsroka@wynnchurch.com](mailto:rsroka@wynnchurch.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Wynnchurch Capital is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

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

## **Item 2 – Material Changes**

Since Wynnchurch Capital’s last firm brochure (“Brochure”) filing, dated February 10, 2015, as of January 1, 2016, the Firm has transitioned certain assets, liabilities and operations from Wynnchurch Capital, Ltd. to Wynnchurch Capital. Accordingly, Wynnchurch Capital now includes the addition of several additional private funds and is the investment adviser for all current Wynnchurch Funds.

Pursuant to SEC rules, Wynnchurch Capital will provide a summary of material changes to its brochure within 120 days of the close of Wynnchurch Capital’s fiscal year. Wynnchurch Capital may provide further disclosures about material changes as deemed necessary. Additionally, Wynnchurch Capital will provide to clients a new brochure as necessary, without charge. Wynnchurch Capital’s Brochure may be requested by contacting Roy Sroka, Chief Compliance Officer, at (847) 604-6100.

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## Item 4 – Advisory Business

### Firm Description

Wynnchurch Capital, LLC is an investment management company which manages private partnerships that make control private equity, equity-oriented and debt investments in lower middle-market companies headquartered in the United States and Canada.

Wynnchurch Capital generally focuses on making value investments in complex, overlooked and underperforming situations where the Firm believes it can implement focused value construction strategies to drive superior investment returns. The Firm seeks to invest primarily in corporate carve-outs, restructurings, operational turnarounds, bankruptcies, management sponsored buyouts and recapitalizations in the niche manufacturing and business services sectors.

Wynnchurch Capital focuses particularly on industrial manufacturing, building products, aerospace and defense, transportation, industrial services, energy and mining services, and value added distribution. Wynnchurch Capital targets equity, equity-oriented and/or debt investments of \$15 million to \$100 million per deal with initial acquisition enterprise values generally ranging from \$50 million to \$250 million.

As of December 31, 2015, Wynnchurch Capital and its predecessor investment management company, Wynnchurch Capital, Ltd., has invested \$944.8 million in 46 platform investments since inception in 1999. As of January 1, 2016, manages Wynnchurch Capital Partners II, L.P. (“Fund II”), Wynnchurch Capital Partners III, L.P. (“Fund III”), WCP III Quebec Co-Invest, L.P. (“WCP III Co-Invest” and together with Fund III, “Fund III”), Wynnchurch Capital Partners IV, L.P. (“Fund IV”) and WC Partners Executive IV, L.P. (the “Fund IV Co-Invest” and together with Fund IV, “Fund IV”).

On January 1, 2016, Wynnchurch Capital replaced Wynnchurch Capital, Ltd. as the designated management company of the Wynnchurch Funds previously managed by Wynnchurch Capital, Ltd., namely of Fund II and Fund III. All employees of Wynnchurch Capital, Ltd. are currently employees of Wynnchurch Capital and all management fees received by Wynnchurch Capital, Ltd. for Fund II and Fund III are now being paid to Wynnchurch Capital.

The following general partners are affiliated with Wynnchurch Capital and are deemed to be relying advisers with the authority to make investment decisions on behalf of each applicable Fund and co-investment vehicle: Wynnchurch Partners II, L.P. (the General Partner of Fund II (“Fund II GP”)), Wynnchurch Partners III, L.P. (the General Partner of Fund III (“Fund III GP”)), WCP III Quebec Co-Invest Partners, L.P. (the General Partner of WCP III Co-Invest (“WCP III Co-Invest

GP”)) and Wynnchurch Partners IV, L.P. (the General Partner of Wynnchurch Capital Partners IV, L.P. and WC Partners Executive IV, L.P.), (collectively, “General Partners”).

Each General Partner has the authority to make investment decisions on behalf of the Funds and any future co-investment vehicle. Additionally, each General Partner listed above is registered under the Advisers Act pursuant to Wynnchurch Capital’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner, which operate as a single advisory business together with Wynnchurch Capital. Each General Partner has contracted with Wynnchurch for day-to-day management of the Funds.

### **Principal Owners/Ownership Structure**

Wynnchurch Capital is owned by John A. Hatherly as detailed in Wynnchurch Capital’s ADV Part 1, Schedule A.

### **Advisory Services**

Wynnchurch Capital does not tailor its advisory services to the individual needs of investors in its Funds; Wynnchurch Capital’s investment advice and authority for each Fund is tailored to the investment objectives of each Fund. These objectives are described in the private placement memorandum, limited partnership agreement (“LPA”) and other governing documents of each Fund (collectively, “Governing Documents”).

Each Fund’s Governing Documents may contain provisions restricting that fund from investing in certain investments or types of investments, but investors in such Funds cannot impose restrictions on investing in certain investments or types of investments. Investors in Funds participate in the overall investment program for the applicable partnership, but may be excused from a particular investment due to legal, regulatory or other applicable constraints, pursuant to the terms of the applicable Governing Documents.

Wynnchurch Capital may enter into side letters with or similar written agreements with investors that have the effect of establishing rights under or altering or supplementing a Fund’s Governing Documents.

### **Wrap Fee Program**

Wynnchurch Capital does not participate in wrap fee programs.

## **Assets Under Management**

As of December 31, 2015, Wynnchurch Capital managed \$2.394 billion in regulatory assets under management, all of it on a discretionary basis.

## **Item 5 – Fees and Compensation**

The specific manner in which Wynnchurch Capital charges fees or seeks reimbursement for expenses is detailed in relevant Funds' Governing Documents.

### **Fund II and III Fees**

The General Partner of each respective Fund charges the limited partners a management fee based on each limited partner's committed capital. Wynnchurch Capital has been engaged by each General Partner to perform management services. Generally, an annual management fee of 2% is charged based on each limited partner's committed capital, payable semi-annually in advance on January 15<sup>th</sup> and July 15<sup>th</sup> and is reduced to a percentage of invested capital after the investment period ends according to the terms of each partnership agreement. Limited partners in WCP III Co-Invest, as of December 31, 2014, pay an annual management fee of 1.5% of L.P. committed capital payable in semi-annual installments on each January 15<sup>th</sup> and July 15<sup>th</sup> of each calendar year. The management fee is paid out of current income, as well as from the disposition proceeds of each respective Fund and from drawdowns that reduce each limited partner's capital contribution. The specific fees charged are described in the relevant Governing Documents.

For Fund II and Fund III, Wynnchurch Capital may perform management, advisory, transaction-related, financial advisory and other services ("Related Services") for, and receive fees from, portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. Although these fees are in addition to the management fees collected directly from the investment Funds, the amount of management fees paid by the applicable Fund are reduced per the terms of their respective Governing Documents in connection with the receipt of such fees. In general, if Wynnchurch Capital or an affiliated entity or an individual of a particular investment Fund receives any of these additional fees, management fees of the respective Fund are reduced by any such net fees collected. The amount and manner of such reduction is set forth in the Governing Documents of the applicable Fund. Additionally, a portfolio company may reimburse Wynnchurch Capital for expenses (including without limitation travel, entertainment, data collection, consultants and other expenses) incurred by Wynnchurch Capital in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described above and below.

In addition, limited partners in Funds II and III are responsible for organizational and startup expenses, up to a maximum of \$1 million and WCP III Co-Invest is responsible for the same expenses up to \$50,000. Limited partners in Funds II and III are also responsible for direct expenses of the partnership including legal, auditing, consulting, financing, accounting, custodian fees and expenses, and finder's fees; expenses associated with the respective Funds' financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board and limited partners' annual meetings; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied upon such Fund. The fees and expenses for WCP III Co-Invest are described in the Governing Documents and are similar to those outlined above.

In its sole discretion, a Fund's General Partner may reduce a portion of a limited partner's management fee. Such reduction will generally be memorialized in a side letter with the limited partner. To date, all limited partners pay the same fees, except for employees, affiliates of Wynnchurch Capital and Partners in WC Executive, L.P. who do not pay management fees on their investment in a Wynnchurch Capital Fund.

#### **Fund IV Fees**

The General Partner of each respective Fund charges the limited partners a management fee based on each limited partner's committed capital. Generally, an annual management fee of 2% is charged based on each limited partner's committed capital, payable semi-annually in advance on January 15<sup>th</sup> and July 15<sup>th</sup>. During the investment period, the annual management fee is based on the total capital commitments of a Fund's limited partners. Thereafter, the management fee is computed based on the net invested capital as per the terms of each Limited Partnership Agreement.

For Fund IV and the Fund IV Co-Invest Fund, Wynnchurch Capital and its affiliates may perform Related Services for, and receive fees from, portfolio companies or other investment vehicles of the Funds and co-investment vehicle, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. Although these fees are in addition to the management fees collected directly from Fund IV, the amount of management fees paid by the applicable Fund are reduced per the terms of their respective Governing Documents in connection with the receipt of such fees.

In general, if Wynnchurch Capital, an affiliated entity or individual of a particular investment Fund receives any of these additional fees, management fees for Fund IV will be reduced by 100% of any such net fees collected, *except* for fees earned by the Wynnchurch Capital operations group. Wynnchurch Capital's operations group ("Operations Group") refers to a group of non-investment professionals employed or retained by Wynnchurch Capital or an affiliate of Wynnchurch Capital to

provide services to Fund IV, the management company, the Fund IV general partner, or any affiliate of Wynnchurch Capital. Additionally, a portfolio company may reimburse Wynnchurch Capital or its affiliates for expenses (including without limitation travel, entertainment, data collection, consulting services and other expenses) incurred by Wynnchurch Capital in connection with its performance of services for a portfolio company, and such reimbursements are not subject to the fee offset provision.

From time to time, Wynnchurch Capital may (in its sole discretion), agree to pay a transaction or other fee received from an actual or prospective portfolio company to a third party, such as a consultant, adviser, finder, broker and/or investment bank. In such event, the third party fee is not a fee that Wynnchurch Capital is entitled to retain and, therefore, Wynnchurch Capital is not required under the terms of the applicable organizational documents to share such third party fees with a Fund.

In addition Wynnchurch Capital and its affiliates also engage and retain advisers, consultants, operating partners, executive partners and other similar professionals who are not employees or affiliates of Wynnchurch Capital and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, such amounts will not be deemed paid to or received by Wynnchurch Capital and its affiliates and such amounts will not be subject to the sharing arrangements described above.

In addition, limited partners in Fund IV are responsible for organizational and startup expenses, up to a maximum of \$2 million. Limited partners in Fund IV are also responsible for direct expenses of the partnership including legal, auditing, consulting, financing, accounting, custodian fees and expenses, and finder's fees; expenses incurred in connection with third party valuations; expenses associated with the Fund's financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the advisory board and limited partners' annual meetings; insurance; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied upon the Fund.

Limited partners in Fund IV are also responsible for Operations Group expenses and for transaction fees. Transaction fees refers to all closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, directors' fees, monitoring fees, consulting fees and other similar fees.

In its sole discretion, the Funds' General Partner, may reduce a portion of a Fund IV limited partner's management fee. Such reduction will generally be memorialized in a side letter with the limited partner. To date, all limited partners pay the same fees, except for employees or affiliates of

Wynnchurch Capital and Partners in the WC Partners Executive IV, L.P., who do not pay management fees on their investment in a Wynnchurch Capital Fund.

Neither Wynnchurch Capital nor any supervised person accepts compensation for the sale of securities or other products.

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

Each Fund's relevant General Partner receives a performance-based fee of 20%, known as a carried interest allocation, based on the profits of each Fund that is deducted from the investment proceeds of the limited partners. Carried interest allocations are subject to claw-backs to the extent that the General Partner is paid in excess of its entitled distribution. This fee structure will be described in detail in each respective Fund's Governing Documents. These performance fee arrangements are structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940 in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The fact that each General Partner's carried interest allocations are based on the performance of the Fund may create incentive for a General Partner to make investments that are more speculative than would be the case in the absence of such distributions. This incentive is mitigated, however, due to the fact that any losses the Funds sustain will reduce each General Partner's carried interest distribution and the fact that carried interest is earned only after limited partners have received as distributions 100% of their capital contributions for each Realized investment plus a preferred return. Each Fund also requires the General Partner to return any carried interest distributed in excess of "fund level" calculated carried interest amounts at specified times during the Fund's life.

Wynnchurch Capital's management fees, performance fees and other compensation payable to Wynnchurch Capital and the carried interest allocations, payable to the general partner of the respective Fund are agreed to at the time of the establishment of the relevant investment vehicle and are negotiated with participating investors prior to making their investment. Once the relevant Fund and/or co-investment vehicle has been established and operations commenced, such compensation and expenses generally will not be negotiable.

Wynnchurch Capital may manage multiple Funds with similar investment strategies on a side-by side basis. As a result of the foregoing, Wynnchurch Capital, the General Partners, and/or affiliate(s) may have conflicts of interest in: (i) allocating their time and activity among the multiple Funds; (ii) allocating investments among the multiple Funds; and (iii) effecting transactions among the multiple Funds, including ones in which Wynnchurch Capital, the General Partners, and/or affiliate(s) may have a greater financial interest. These conflicts of interest may create an incentive for Wynnchurch Capital to favor a Fund in which it, a General Partner, and/or affiliate(s) have a greater financial

interest with respect to allocation of time and activity, limited investment opportunities, or investments that Wynnchurch Capital regards as more attractive or better performing investments.

To address these conflicts of interest, the Firm has implemented policies and procedures to ensure that all Funds receive equitable and fair treatment over time with respect to the allocation of investment opportunities. These policies and procedures require Wynnchurch Capital to at all times allocate investments among the Funds in a manner which it believes to be fair and equitable and prohibit Wynnchurch Capital from basing an allocation decision on any of the following, or similar, reasons: (i) to generate higher fees paid by one Fund over another, or to produce greater fees to Wynnchurch Capital or any of its affiliates; (ii) to develop a relationship with an existing or potential investor; (iii) to compensate an investor for past services or benefits rendered to Wynnchurch Capital or any employee of Wynnchurch Capital; or (iv) to induce future services or benefits to be rendered to Wynnchurch Capital or any employee of Wynnchurch Capital.

### **Item 7 – Types of Clients**

Wynnchurch Capital provides portfolio management services to its clients, which are private funds and co-investment vehicles. Each of the Funds and co-investment vehicles, limit its respective investors to persons who are both “accredited investors” as defined in the Securities Act of 1933 and “qualified purchasers” as defined in the Investment Advisers Act of 1940. The Funds generally require minimum investment amounts varying from \$5.0 million to \$20.0 million for limited partner investment, although the General Partners reserves the right to accept commitments under such minimum amounts in their sole discretion. None of the Wynnchurch Capital Funds are currently accepting new commitments from investors. More information about the Funds are available in each Fund’s respective Governing Documents.

Investors in the Funds include a broad range of U.S. and non-U.S. investors, including, among others, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, municipalities, trust programs, foreign funds and other U.S. and international institutions.

Wynnchurch Capital also may serve as investment manager for co-investment vehicles that invest in certain Fund portfolio companies, and may serve as investment manager for other investors in certain Fund portfolio companies. Wynnchurch Capital will select the investors that are permitted to co-invest in a particular portfolio company in its sole discretion based on various factors, including those that may be specified from time to time in its policies on investment allocation and co-investments. While one or more limited partners in the Funds may be invited to co-invest in the Fund’s portfolio companies, in Wynnchurch Capital’s sole discretion any or all of any co-investment opportunity may be offered to investors that are not limited partners in one or more of the Funds. Wynnchurch Capital may, in its sole discretion, offer co-investment opportunities to

some limited partners in its Funds while not offering them to other limited partners in its Funds, and may cause some Fund limited partners and/or other co-investors to bear a management fee and/or carried interest while not imposing a management fee and/or carried interest (or imposing a different management fee or carried interest) on other Fund limited partners and/or other co-investors. In Wynnchurch Capital's sole discretion, some co-investment vehicles and/or co-investors may bear all or a portion of certain expenses (e.g., legal and other expenses associated with a portfolio company investment), while other co-investment vehicles and/or co-investors do not share in such expenses. In certain cases, co-investment opportunities may include opportunities to invest in Fund portfolio companies at a time when there is not a corresponding Fund investment or on different terms than any Fund investment. Some co-investors may also be provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisors of the portfolio company. Any board fees received by these investors are not offset against management fees. Positions on boards of directors or advisors of such portfolio companies may provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors.

Opportunities to invest in a portfolio company may be made available to any person or entity, including without limitation strategic investors, lenders, deal sources, other private equity or venture capital firms, Fund limited partners, other persons or entities affiliated, associated or otherwise known to Wynnchurch Capital or its personnel and unrelated third parties. These may arise whenever Wynnchurch Capital has the opportunity for an investment in an existing or prospective portfolio company and Wynnchurch Capital determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Such determinations are based on the provisions of the applicable Funds' Governing Documents and such other factors as Wynnchurch Capital may consider in its sole discretion, including those that may be specified from time to time in its policies on investment allocation and co-investments.

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

Wynnchurch Capital seeks to invest across a “performance improvement continuum,” including: (i) deep distress, where a company is in or nearing bankruptcy and / or a deep operational turnaround is needed; (ii) instances of general underperformance, where a business is at a cyclical trough or exhibits a moderate opportunity for improvement; and (iii) opportunistically, in cases where a company is well positioned and well performing, but the Firm believes it has a unique sourcing angle, facilitating an especially attractive value buy (often, where an official sale process is nonexistent or limited), or otherwise believes the Firm would be an advantaged owner of the business. Specific to a company's circumstances, the Funds seek to focus on making investments in complex, overlooked and underperforming situations, such as corporate carve-outs, operational turnarounds, restructurings, bankruptcies, management sponsored buyouts and recapitalizations.

## Strategy

Key elements of Wynnchurch Capital's strategy are to: (1) proactively generate proprietary deal flow through a large network of unique contacts; (2) opportunistically acquire fundamentally sound yet underperforming and/or overlooked businesses at attractive prices; (3) identify and quantify operating improvement opportunities through extensive due diligence; (4) coordinate with strong management teams to develop detailed strategic and tactical business plans to improve performance; (5) assist management with the implementation of the performance improvement plans; and (6) produce outstanding results for investors through well-planned and timed realizations, using a variety of exit alternatives. More specifically, in implementing this strategy, Wynnchurch Capital focuses on the key tenants of its investment philosophy.

*Differentiated Investment Origination:* The Funds generally seek to invest in complex transactions that: (i) require a deep understanding of operations and experience in creatively developing solutions for challenging operational issues or (ii) the Firm believes provide it with a unique advantage in working with management to acquire a business at an attractive valuation and improve its financial performance through the implementation of value construction strategies. Specifically, the Funds seek to target corporate carve-outs, restructurings, operational turnarounds, bankruptcies, underperforming businesses, management sponsored buyouts and recapitalizations. The Firm believes that these types of complex transactions are typically avoided by other financial sponsors given the amount of work to acquire and improve the business but often have the potential for Wynnchurch Capital to unlock superior returns through management, strategic and operational changes.

The Firm has built a systematic origination model in order to identify what it believes are unique, overlooked and underperforming situations. While the entire Firm is involved in the sourcing of investment opportunities, Wynnchurch Capital has six professionals dedicated to this effort. With additional offices in Bloomfield Hills, MI (a suburb of Detroit), Los Angeles, CA, Toronto, Canada, an affiliate in Montreal, Canada, and its headquarters in Rosemont, IL, the Firm believes it has a broad geographic reach and network of contacts to successfully source non-auction as well as limited and broken auction situations, with a key emphasis on divestitures of corporate orphans

*Acquisition of Market-Leading Businesses in Core Industries and Geographies:* The Funds intend to pursue opportunities in industries in which the Wynnchurch Capital investment professionals have significant prior investing or operating experience, in addition to extensive business relationships. Areas of particular focus for Wynnchurch Capital are industrial manufacturing, building products, aerospace and defense, transportation, industrial services, energy and mining services, and value added distribution. The Firm believes that these core industry targets typically exhibit several

attractive characteristics that facilitate the Firm's value construction strategies, including: (i) the scale and stability of well-established markets; (ii) business-to-business customers that enhance revenue predictability and reduce exposure to consumer trends; (iii) a requirement for intellectual property that increases the barriers to entry and minimizes rapid changes in competitive dynamics; (iv) availability of, and ability to attract, professional management with training and experience in performance improvement processes; and (v) a significant availability of investment opportunities given the large number of sector participants across numerous markets. Within these sectors, Wynnchurch Capital targets companies that have market leading positions in their respective niches. The Funds generally focus on the United States and Canada with an emphasis on the Midwestern United States, specifically leveraging the local relationships built as a result of Wynnchurch Capital's dedicated geographic sourcing model and prior experiences of its investment professionals.

*Multi-Dimensional Transactional Tools to Capture Unique Opportunities:* Wynnchurch Capital has developed the internal expertise to acquire attractive businesses through a variety of transaction processes and structures including bankruptcy sales, conversion of purchased debt to equity, corporate carve-outs, entrepreneurial growth re-capitalizations, generational succession sales as well as limited auction processes. Often companies that exhibit the characteristics sought out by Wynnchurch Capital may be acquired only through non-traditional transactions that require a deep understanding of various legal processes or unique transaction structures. By having the internal expertise to acquire such businesses, the Firm ensures that it does not miss out on attractive investment opportunities simply as a result of transactional complexity that may eliminate many potential buyers.

*Management Selection and Incentives:* Wynnchurch Capital seeks to either identify exceptional incumbent management teams or attract seasoned managers with proven performance histories in world-class organizations and install them into lower middle-market companies. In this regard, Wynnchurch Capital performs a thorough evaluation with the support of external consulting resources to assess the management team. To help align the interests of management with shareholders, as well as to ensure management's commitment to company performance, Wynnchurch Capital typically requires management to invest directly into the equity of their respective portfolio companies, in addition to providing performance-driven option plans.

*Value Construction By Driving Execution of Defined Performance Improvement Plans:* Wynnchurch Capital's value creation process generally encompasses three investment phases: (1) "stabilize" the business in the first six months of ownership; (2) "standardize" the company through the implementation of best practices and growth drivers from closing through eighteen months of ownership; and (3) "optimize" the value of the business through add-on acquisitions and aggressive new growth strategies to position the company for maximum exit value. The Wynnchurch Capital team takes a hands-on approach with each portfolio company to identify, implement and measure strategic and operating initiatives that are designed to improve performance. Wynnchurch Capital seeks to

partner with portfolio company management teams to generate value through focused attention on strategy, revenue growth and enhanced profitability initiatives. Key value drivers generally include: overhead rationalization, reduced manufacturing unit costs, enhanced quality systems, improved asset utilization, focused go-to-market strategies and entry into new markets. Wynnchurch Capital utilizes Six Sigma, lean manufacturing, goal deployment and other quality tools to drive performance improvement with the goal of significantly enhancing the competitive positioning, profitability and growth trajectory of its portfolio companies.

*Strategies to Maximize Exit Value.* Before making the initial investment in a target company, Wynnchurch Capital develops a thorough understanding of the operational and strategic changes necessary to maximize the company's exit value. Wynnchurch Capital works with management to refine the strategy and improve the management systems of a portfolio company to enhance its appeal to potential acquirers.

## **Risk Factors**

No investment is free of risk. Prospective limited partners are cautioned that investments in securities involve risk of loss, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear these risks. All investors should be aware of certain risk factors, which include, but are not limited to, the following:

- *Business Risks.* Each Funds' investment portfolio consists 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 Funds and members of the Wynnchurch Capital team's prior investments is not necessarily indicative of the Funds' future results. While Wynnchurch Capital intends for its Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the 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 Funds 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 an investment once made.
- *Concentration of Investments.* The Funds participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, each 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 Funds may invest in fewer portfolio companies and thus be less diversified.

- *Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners are required to bear management fees through the Funds during the investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the respective partnership agreements.
- *Dynamic Investment Strategy.* While the General Partners generally intend to seek attractive returns for the Funds primarily through making private equity investments, each General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Each General Partner may pursue investments outside of the industries and sectors in which the principals have previously made investments or have internal operational experience.
- *Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. 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 not generally expected that this will 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 each Fund (including the annual management fee payable to its General Partner, if any) may exceed income, thereby requiring that the difference be paid from a limited partner's capital, including, without limitation, unfunded commitments.
- *Limited Transferability of Fund Interests.* There is no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of any Fund interest under the Fund's 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 is no readily available market for Fund investments, and hence, most of the Funds' investments are difficult to value. Certain

investments may be distributed in kind to the partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold may be lower than the value of such securities determined pursuant to the partnership agreement, including the value used to determine the amount of carried interest available to the General Partner's with respect to such investment.

- *Leveraged Investments.* The Funds may make use of leverage by having a portfolio company incur debt to finance a portion of the investment in a portfolio company, including with respect to companies not rated by credit agencies. Such use of leverage generally magnifies a Fund's risk of loss from a particular investment and increases a portfolio company's exposure to company, industry and economic conditions and changes in interest rates. The cost and availability of leverage is highly dependent on the state of the broader credit markets, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, in turn affecting Fund returns.
- *Reliance on the General Partner and Portfolio Company Management.* The Funds have no operating history and will be dependent on the respective Fund General Partner. Control over the operation of a Fund is vested with the respective General Partner, and each Funds' future profitability depends 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 a Fund's ability to realize its investment objectives. In addition, the principals currently, and may in the future, manage other investment funds besides the Funds and the principals may need to devote substantial amounts of their time to the investment activities of such other Funds, which may pose conflicts of interest in the allocation of the time of the principals. Limited partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds depend on the actions of the respective Fund General Partner. In addition, certain changes in a General Partner or circumstances relating to a General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although each General Partner will monitor the performance of a Funds' investments, it is primarily the responsibility of each portfolio company's management team to operate the

portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

- *Projections.* Projected operating results of a company in which the Funds invest are normally 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 third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.
- *Monitoring Fee Acceleration.* Agreements made with portfolio companies may require the acceleration of future monitoring fees and other fees payable by a portfolio company at the sale or public offering of such portfolio company and an agreed upon value of such fees may be paid to the respective General Partner at such time.
- *Co-Investments.* The respective General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by the general partner in its sole discretion. In addition, the general partner may cause some Funds' limited partners and/or other co-investors to bear a management fee and/or carried interest while not imposing a management fee and/or carried interest (or imposing a different management fee or carried interest) on other Fund limited partners and/or other co-investors. Conflicts of interest may arise in the allocation of co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the respective General Partner in its sole discretion, may not be in the best interests of the Fund or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, the general partner may consider some or all of a wide range of factors, which may include the likelihood that an investor may invest in a future fund sponsored by the general partner or its affiliates. The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of that respective Fund, or may be in a position to take action contrary to the investment objectives of that Fund. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-venturer or partner.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, Wynnchurch Capital is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of Wynnchurch Capital or the integrity of Wynnchurch Capital's management team. No events have occurred at Wynnchurch Capital that are applicable to this Item.

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

Wynnchurch Capital is not actively engaged in a business other than giving investment advice to its clients and managing the portfolio companies owned by its clients. Neither Wynnchurch Capital nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or associated person of the foregoing, and Wynnchurch Capital does not anticipate such affiliations in the future.

Wynnchurch Capital has no arrangements with a related person who is a broker-dealer, investment company, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds, or underlying investors.

As described above in Item 4, Wynnchurch Capital is affiliated with the Fund II GP, the Fund III GP, the WCP Co-Invest GP and Wynnchurch Partners IV, LP, the Funds' General Partners. The General Partners are deemed registered with the SEC under the Advisers Act pursuant to Wynnchurch's registration. These affiliated investment advisers operate as a single advisory business together with Wynnchurch and serve as General Partners of private investment funds, other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Wynnchurch Capital has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, tax preparation, insurance brokerage, investment management services and other personal services. None of these relationships create a material conflict of interest with any of Wynnchurch Capital's clients or its investors.

From time to time, Wynnchurch Capital may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it does business or to whom it makes referrals. At no time will Wynnchurch Capital accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or

provider. Similarly, Wynnchurch Capital principals and other employees may personally invest in companies that provide services to Wynnchurch Capital or its portfolio companies. To address any conflict which may arise as a result of such an arrangement, Wynnchurch Capital has implemented stringent approval mechanisms prior to hiring any outside vendor. See Item 11, Conflict of Interests, for further disclosure.

Wynnchurch Capital does not recommend or select other investment advisers for the Funds.

## **Item 11 – Code of Ethics, Interests in Client Transactions and Personal Trading**

### **Code of Ethics**

As fiduciaries, Wynnchurch Capital and its employees have certain legal obligations to put its client's interests ahead of its own. Wynnchurch Capital has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each Wynnchurch Capital employee will be required to acknowledge this code in writing and agree to be bound by it.

Wynnchurch Capital's code of ethics covers standards of business conduct, personal trading requirements, insider trading, reporting of personal securities transactions, restrictions on accepting and giving significant gifts, and reporting of certain gifts and business entertainment items, among other things.

Wynnchurch Capital will provide a copy of its code of ethics to any existing or prospective limited partner upon request to its Chief Compliance Officer, Roy Sroka, at (847) 604-6100.

### **Interests in Client Transactions**

It is Wynnchurch Capital's policy that it will not affect any principal or agency cross securities transactions for client accounts without it first obtaining the relevant advisory board and/or limited partner approval. Wynnchurch Capital will also not cause clients to enter into securities trades with each other unless the appropriate board or client approval is provided. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Neither of these circumstances applies to Wynnchurch Capital.

Principals and employees of Wynnchurch Capital and its affiliates may directly or indirectly own an interest in the Funds, including certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same investments as the Funds. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds.

## **Conflicts of Interest**

The Governing Documents of each Fund detail a complete description of what Wynnchurch Capital believes to be the most significant conflicts of interest associated with an investment in each respective Fund. Some of these conflicts are summarized below; however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds.

Investors should note that there could be occasions when Wynnchurch Capital and its affiliates may encounter potential conflicts of interest in connection with a Fund. If any matter arises that Wynnchurch Capital determines in its good faith constitutes an actual conflict of interest, Wynnchurch Capital may take such actions as may be necessary or appropriate, within the context of the Fund's Governing Documents, to ameliorate the conflict (upon taking such actions Wynnchurch Capital will be relieved of any responsibility for such conflict). These actions may include disposing of the asset giving rise to the conflict, bringing the matter before Wynnchurch Capital's advisory board or limited partner advisory committee, appointing an independent fiduciary or seeking advice from outside counsel.

Certain Wynnchurch Capital principals and employees may also be investors in the Funds. However, because of the nature of its business, the participation of Wynnchurch Capital employees in the Fund will not interfere with the making or implementing of decisions that are in the best interest of limited partners. Employee limited partners share in the same deals as other limited partners of the Fund and share costs with other limited partners proportionally. Wynnchurch Capital will generally pursue all appropriate investment opportunities through its Fund vehicles subject to certain limited exceptions.

The significant investment of Wynnchurch Capital principals in the Funds, as well as the principals' interest in the carried interest, serves to align, to some extent, Wynnchurch Capital's interest with the interest of its limited partners. In addition, Wynnchurch Capital employees may serve on the boards of Funds' portfolio companies. Any fees generated from a Wynnchurch Capital employee's seat on a portfolio company board will be offset against management fees according to the terms of each Fund's Governing Documents, except for those fees paid to members of the Fund IV Operations Group. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a

Fund. In general, however, as the Funds are typically a significant shareholder of such companies, it is expected that these interest will generally be aligned. Portfolio companies may also from time to time make discounts and other benefits available to employees in connection with products or services offered by such companies.

Furthermore, Wynnchurch Capital principals and other employees may personally invest in companies that provide services to Wynnchurch Capital or to Wynnchurch Capital portfolio companies. These investments may give rise to a conflict of interest because such Wynnchurch Capital principals or employees may have the ability to select or influence which company is selected to provide services to Wynnchurch Capital and its portfolio companies and thereby receive a pecuniary benefit from this choice of vendor. To address this potential conflict, Wynnchurch Capital employees wishing to personally invest in a company which offers or could potentially offer services to Wynnchurch Capital or its portfolio companies should receive written permission from Wynnchurch Capital's CCO prior to making such an investment. If approval for investment is granted, the investing employee will be recused from any selection process involving such company. Additionally, Wynnchurch Capital will fully document any selection decision that has the potential to award business to a company in which an employee has invested.

Wynnchurch Capital expects to retain various operating partners and advisers to assist the Firm in its decision making and operational improvements. These individuals are known experts in the business management field, and are expected to assist with building relationships within the corporate, investment banking and business communities. As described in Item 5, above, the cost of this Operations Group is borne by either the Funds or the relevant portfolio company. Operating partners and advisers may also sit on boards of or provide services to the Funds' portfolio companies. Any fees received by these operating partners and advisers in connection with their role at Wynnchurch Capital are not subject to the relevant Fund fee offset provision. In addition, operating partners and advisers may also be limited partners in the Funds.

Wynnchurch Capital and its affiliates may perform Related Services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees are in addition to any management fees or carried interest paid by the Funds to Wynnchurch Capital. Additionally, a portfolio company may reimburse Wynnchurch Capital for expenses incurred by Wynnchurch Capital in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the fee sharing provision. Wynnchurch Capital determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. Limited partners are also responsible for transaction fees, as described in Item 5, above.

As a result of the Funds' controlling interests in portfolio companies, Wynnchurch Capital and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Wynnchurch Capital and/or its affiliates. Such amounts will be in addition to any management fees or carried interest paid by a Fund to Wynnchurch Capital.

During a period when one Fund is reaching the end of its investment period and Wynnchurch Capital is in the process of forming a new Fund, considerations of fairness to existing Fund investors dictate that Wynnchurch Capital considers allocating a specific investment between Funds. These considerations include such factors as the overall mix of Fund investments and the ability of the existing Fund to draw additional capital. These circumstances could present a conflict of interest because Wynnchurch may have an incentive to favor allocating the investment to the newer Fund. Wynnchurch's policies and procedures cover these circumstances and require that disclosure be made to each Fund's advisory board, although the final decision as to the Funds' best interests in these cases rests solely with Wynnchurch Capital.

Wynnchurch Capital principals and employees may serve on the boards of Funds' portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Additionally, any fees earned for sitting on such portfolio company boards by employees or affiliates of Wynnchurch Capital (except for those fees paid to members of the Operations Group) are offset against management fees.

Additionally, a portfolio company typically will reimburse Wynnchurch Capital or service providers retained at Wynnchurch Capital's discretion for expenses (including without limitation travel expenses) incurred by Wynnchurch Capital or such service providers in connection with its performance of services for such portfolio company. This subjects Wynnchurch Capital and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. Wynnchurch Capital determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Wynnchurch Capital or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

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

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

There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partners will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. Wynnchurch Capital has established a valuation policy which it will follow when performing portfolio company valuations. Wynnchurch Capital does not intend to retain the services of a third party valuation consultant to assist in performing portfolio company valuations. There is a risk in that the valuations of Wynnchurch Capital are performed internally by its own team and such valuations are not reviewed by an independent third party. The exercise of discretion in valuation by the Firm may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Each of Wynnchurch Capital's Funds has an advisory board which is established under the respective Fund's Governing Documents. Each Fund's advisory board is comprised of select limited partners of each Fund, as well as Wynnchurch Capital principals and outside advisers. A conflict of interest may exist in that not all limited partners are asked to join a Fund's advisory board.

Affiliates of each Fund's General Partner exercise investment discretion over accounts of certain persons and entities expected to become limited partners, which limited partners are expected to initially represent a majority in interest of all limited partners. In this capacity, it is expected that affiliates of the General Partners will direct the voting of such limited partners on all matters eligible to be brought for a vote of the limited partners pursuant to the terms of the Governing Documents.

of each Fund. With effective control, initially, over the voting rights of a majority in interest of the limited partners, the relevant General Partner and/or its affiliates will have control for at least some period of time over decisions requiring the vote of a majority in interest of the limited partners, including, without limitation (i) amendments to the relevant Fund's Governing Documents; and (ii) approval of certain related-party transactions. Affiliates of the General Partners exercising control over the voting rights of any limited partner have a fiduciary obligation to vote in a manner that such affiliates believe best serves the interests of such limited partner, whether or not such vote is in the best interest of the Fund, any other limited partner, or the General Partner or its affiliates.

The Funds limited partners are expected to include persons or entities resident in various jurisdictions, including the United States, Canada and other countries, who may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual limited partners may relate to or arise from, among other things, the nature of investments made by the respective Fund, the structuring of the acquisition of portfolio companies and the timing of disposition of investments. Such structuring of portfolio companies may result in different returns being realized by different limited partners. As a consequence, conflicts of interest may arise in connection with decisions made by Wynnchurch Capital that may be more beneficial for one limited partner than another limited partner, especially with respect to limited partners' individual tax situations. Wynnchurch Capital considers the investment and tax objectives of the respective Fund as a whole, and not the individual investment, tax or other objectives of any particular limited partner.

Wynnchurch Capital may enter into individual agreements with a limited partner regarding a subscription in the Funds. These agreements are referred to as side letters, and may encompass a broad range of agreed-upon terms including restrictions on types of investments, confidentiality and use of a limited partner's name, defining the tax status of a specific partner and the requirement to periodically provide certain additional certifications.

Additional fees may be due upon the early termination of a monitoring and oversight agreement or financial advisory agreement. This creates a conflict of interest between Wynnchurch Capital and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. Wynnchurch Capital determines the amount of these fees for related services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds.

## **Personal Trading**

In rare cases, Wynnchurch Capital's business may provide Wynnchurch Capital and its employees with access to material nonpublic ("insider") information. The code of ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

Wynnchurch Capital's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of inside information regarding these securities or communicating inside information to others. A restricted list is maintained regarding issuers where Wynnchurch Capital has material non-public information. In addition, supervised persons are required to submit annual reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest. Wynnchurch Capital has contracted with Compliance Technologies, a compliance software system owned by Charles Schwab & Co., to monitor the personal trading of its employees and access persons.

## **Item 12 – Brokerage Practices**

Wynnchurch Capital periodically engages broker-dealers to perform various services for its clients and/or its portfolio companies, such as assisting in the purchase or sale of a portfolio company. Such brokers are chosen based upon their knowledge and expertise in a given segment of their industries, the quality of service and responsiveness, Wynnchurch Capital's past experience with the broker, the broker's reputation in the industry, as well as upon the cost of the services provided. Wynnchurch Capital does not necessarily choose the lowest priced broker.

Wynnchurch Capital focuses on private portfolio company transactions and typically purchases and sells such investments through privately-negotiated transactions. Therefore, Wynnchurch Capital does not typically select, recommend or utilize broker-dealers for client transactions.

If Wynnchurch Capital transacts in publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect such securities transactions. In such event, Wynnchurch Capital will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Wynnchurch 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.

Wynnchurch Capital does not pay or receive soft dollars, does not pay or receive fees for limited partner referrals, does not direct brokerage or advise limited partners on doing so, and does not aggregate trades.

### **Item 13 – Review of Accounts**

Roy Sroka, Wynnchurch Capital's Chief Financial Officer and Chief Compliance Officer, reviews the activity of the Fund on a quarterly basis. Mr. Sroka, in his role as Chief Financial Officer and Chief Compliance Officer, also reviews the Fund's account whenever a determination is made as to a distribution. Wynnchurch Capital furnishes to its limited partners unaudited financial statements for the first three quarters of each fiscal year within 60 days of each quarter's close and an annual audited financial statement within 90 days of calendar year end. In addition, limited partners receive an individual statement of their capital account on a quarterly basis. All reports are sent to investors in either a physical copy or are delivered electronically as per each investor's preference.

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

Wynnchurch Capital receives compensation in the form of fees paid by the limited partners. In connection with investments made by the Funds, Wynnchurch Capital may receive commitment, structuring, monitoring and/or other transaction fees from portfolio companies in which the Funds may invest or propose to invest. Wynnchurch Capital or such other persons may also receive management, monitoring or other fees from a portfolio company while a Fund continues to have an investment in such portfolio company. Any transaction fees received by Wynnchurch Capital are rebated against management fees according to the terms of the relevant Fund Governing Documents, except for any fees earned by the Wynnchurch Capital's Operations Group.

Wynnchurch Capital may, from time to time, enter into solicitation agreements pursuant to which it compensates one or more third parties for client referrals that result in the provision of investment advisory services by Wynnchurch Capital. Any cash solicitation agreements will comply with Rule 206(4)-3 of Wynnchurch Capitals Act. Solicitors introducing investors to Wynnchurch Capital may receive compensation from Wynnchurch Capital, such as a retainer and/or a percentage of introduced capital. Such compensation is paid pursuant to a written agreement with the solicitor and typically may be terminated by either party from time to time. Any solicitor retained by Wynnchurch Capital will be registered as a broker-dealer. Additionally, the cost of any such fees are borne entirely by Wynnchurch Capital.

In connection with fundraising for each of its Funds, Wynnchurch retained the services of a placement agent to solicit investors on its behalf. These fees were paid by Wynnchurch Capital, or Wynnchurch Capital, Ltd. for Funds II, III and IV and not directly by any limited partner. Wynnchurch Capital is not in fundraising mode and thus none of these placement agent relationships are active.

## **Item 15 – Custody**

The Investment Advisers Act of 1940 Rule 206(4) (the “Custody Rule”) requires that pooled investment vehicles advised by the Wynnchurch Capital either undergo an annual audit pursuant to generally accepted accounting principles (“GAAP”) or be subject to a surprise custody examination by an SEC-registered auditing firm. Wynnchurch Capital may be deemed to have custody over client funds because of the ability of the General Partners to deduct fees from the applicable Funds’ assets. The Firm has elected to undergo an annual GAAP financial statement audit for each of its Funds over which it may be deemed to maintain custody. The Wynnchurch Capital Funds are audited annually and Wynnchurch Capital delivers to the Funds and their limited partners a copy of the annual audited financial statements within 90 days of the fiscal year end.

Wynnchurch Capital does not, however, take physical possession of client funds. Called capital is directly sent or wired into the respective Fund’s bank account. Wynnchurch Capital receives monthly statements regarding its custody and bank accounts.

## **Item 16 – Investment Discretion**

Wynnchurch Capital and the General Partners have discretionary authority based on the Governing Documents with each Fund, to buy and sell securities or other investments on behalf of the Funds and to determine the amount of such investments to be bought and sold. The terms upon which Wynnchurch Capital serves as an investment manager of the Funds are established at the time the Funds are established and are generally set out in the governing document entered into by Wynnchurch Capital. These terms potentially restrict Wynnchurch Capital’s advice concerning investments in certain securities or types of securities, diversification, geographies and leverage. Wynnchurch Capital’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

To become a limited partner in a Wynnchurch Capital Fund, an investor must execute a subscription agreement and a LPA with the Fund. Wynnchurch Capital is not permitted to transact any business with a limited partner until the limited partner executes these documents. A limited partner may impose limitations on Wynnchurch Capital’s authority and Wynnchurch Capital may choose to accept reasonable limitations or restrictions at its discretion. Such limitations will be evidenced in both the limited partner’s LPA with the Firm and in a side letter.

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

Wynnchurch Capital does not vote public proxies on behalf of its Funds. By virtue of the Funds’ Governing Documents, Wynnchurch Capital acts on behalf of the General Partner of its Funds and

has the sole authority to vote client securities on any matter requiring a vote of the members or shareholders, or to give consent on any matter requiring the consent of members or shareholders, virtually all of which are written member or shareholder consents or similar instruments for private companies. Wynnchurch Capital generally believe its interests are aligned with those of the Fund's investors through the principals' beneficial ownership interests in the Funds; therefore Wynnchurch Capital will not seek investor approval or direction when voting client securities on any matter requiring a vote of the members or shareholders, or when giving consent on any matter requiring the consent of members or shareholders. In the event that there is or may be a conflict of interest in such votes or consents, the Funds' Governing Documents provide that the Firm may address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory committee on the proposed vote or consent, or through other alternatives set forth in the respective Fund's Governing Documents.

Wynnchurch Capital does not consider service on portfolio company boards by Wynnchurch Capital personnel or Wynnchurch Capitals' receipt of nominal board fees to create a material conflict of interest in voting proxies with respect to such companies.

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

Registered investment advisers are required in this Item 18 to provide certain financial information or disclosures about their financial condition. Wynnchurch Capital has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to limited partners, and has not been the subject of a bankruptcy proceeding.

**Form ADV Part 2B: Brochure Supplement**

**WYNNCHURCH CAPITAL, LLC**

6250 North River Road  
Suite 10-100  
Rosemont, IL 60018

Contact: Roy E. Sroka  
(847) 604-6100 (phone)  
(847) 604-6105 (facsimile)  
rsroka@wynnchurch.com

**January 29, 2016**

This brochure supplement provides information about Wynnchurch Capital, LLC (“Wynnchurch Capital” or “Firm”) that supplements the Wynnchurch Capital, LLC Brochure. Please contact Roy Sroka at (847) 604-6100 or rsroka@wynnchurch.com if you did not receive Wynnchurch Capital’s Brochure or if you have any questions about the contents of this supplement.

**John A. Hatherly**

Year of Birth: 1959

President

Wynnchurch Capital, LLC

6250 North River Road

Suite 10-100

Rosemont, IL 60018

(847) 604-6100

**Item 2 – Educational Background and Business Experience**

Mr. Hatherly holds a B.A. degree from the University of Notre Dame and an M.B.A. from the University of Wisconsin.

Mr. Hatherly is President and Managing Principal of Wynnchurch Capital and co-founded its predecessor firm, Wynnchurch Capital, Ltd., in 1999. Prior to co-founding Wynnchurch Capital and its predecessor firm, Mr. Hatherly served in various roles for General Electric Capital Corporation (“GE Capital”) from 1987 to 1999, including leading GE Capital’s successful Merchant Banking Group from 1996 to 1999, and managing the group’s leverage buyout lending activities from 1994 to 1996. Before joining GE Capital, Mr. Hatherly spent three years with the First National Bank of Chicago and BankOne Corporation. Mr. Hatherly serves on the board of a number of Wynnchurch Capital’s portfolio companies, as well as the Founders’ Board of Children’s Memorial Hospital, the University of Wisconsin’s Business Innovation Council and the University of Notre Dame’s Student Athlete Advisory Council.

**Item 3 – Disciplinary Information**

Mr. Hatherly has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

As stated above, Mr. Hatherly serves on the board of a number of Wynnchurch Capital’s portfolio companies. Mr. Hatherly’s appointment on such boards has been designated to be in the best interest of the Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest may arise between Mr. Hatherly’s fiduciary duties to the portfolio company on which he serves and his duty to the Firm, as decisions that are in the portfolio companies’ best interest may possibly not be in the Firm’s best interests. As the Funds are generally be significant shareholders of such companies, it is expected that these interests will generally be aligned; however, appropriate measures have been taken whereby Mr. Hatherly may recuse himself in such circumstances from the decision making

process.

#### **Item 5 – Additional Compensation**

Mr. Hatherly does not receive an economic benefit for providing advisory services other than his ownership in and share of the carried interest distributions of Wynnchurch Capital.

#### **Item 6 – Supervision**

Mr. Hatherly is supervised for compliance matters by Wynnchurch Capital's Chief Compliance Officer, Roy Sroka, (847) 604-6100.

**Frank G. Hayes**

Year of Birth: 1962

Executive Vice President

Wynnchurch Capital, LLC

6250 North River Road

Suite 10-100

Rosemont, IL 60018

(847) 604-6100

**Item 2 – Educational Background and Business Experience**

Mr. Hayes received his B.B.A. from the University of Michigan and is a Certified Public Accountant.

Mr. Hayes is an Executive Vice President of Wynnchurch Capital and has been with Wynnchurch Capital and its predecessor firm, Wynnchurch Capital, Ltd, since 2001. Prior to joining Wynnchurch Capital and its predecessor firm, from 1999 to 2001, Mr. Hayes was a Managing Director of Catalyst Equity Partners, LLC, a \$100 million private equity fund focused on turnaround investment situations. Before joining Catalyst, Mr. Hayes was a Managing Director of GKH Partners, L.P., a \$550 million leveraged buyout fund, where he began his private equity career in 1991. From 1987 to 1990, Mr. Hayes was a Transactor with Citicorp Leveraged capital in Chicago, responsible for portfolio management and the origination of leveraged buyout loans. He began his professional career in 1984 at PricewaterhouseCoopers LLP as a Certified Public Accountant. Mr. Hayes serves on the board of a number of Wynnchurch Capital's portfolio companies.

**Item 3 – Disciplinary Information**

Mr. Hayes has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

As stated above, Mr. Hayes serves on board of a number of Wynnchurch Capital's portfolio companies. Each of these aforementioned companies is a portfolio company of an investment fund managed by Wynnchurch Capital and Mr. Hayes' appointment on such boards has been designated to be in the best interest of the Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest may arise between Mr. Hayes' fiduciary duties to the portfolio company on which he serves and his duty to the Firm, as decisions that are in the portfolio companies' best interest may possibly not be in the Firm's best interests. As the Funds are generally be significant shareholders of such companies, it is expected that these interests will generally be aligned; however, appropriate measures have been taken whereby Mr. Hayes may recuse himself in such circumstances from the decision making process.

#### **Item 5 – Additional Compensation**

Mr. Hayes does not receive an economic benefit for providing advisory services other than the salary and his share of the carried interest distribution paid by Wynnchurch Capital.

#### **Item 6 – Supervision**

Mr. Hayes is supervised for compliance matters by Wynnchurch Capital's Chief Compliance Officer, Roy Sroka, (847) 604-6100.

**Terry M. Theodore**

Year of Birth: 1963

Executive Vice President

Wynnchurch Capital, LLC

39400 Woodward Ave.

Suite 185

Bloomfield Hills, MI 48304

(248) 593-3800

**Item 2 – Educational Background and Business Experience**

Mr. Theodore received a B.A. degree from University of California, Los Angeles.

Mr. Theodore is an Executive Vice President of Wynnchurch Capital and has been with Wynnchurch Capital's predecessor firm, Wynnchurch Capital, Ltd., since 2005. Prior to joining Wynnchurch Capital and its predecessor firm, from 2001 to 2005 Mr. Theodore was a Managing Director of Questor Management Company, LLC, a \$1.2 billion private equity fund that acquired and improved the operational performance of industrial businesses. Before joining Questor in 2000, he was a co-founder and principal of Kamm Theodore, LCC and a principal for Kidd, Kamm & Company L.P. Mr. Theodore began his career in investment banking with Credit Suisse First Boston and Bear Stearns Companies, Inc. Mr. Theodore serves on the on the board of a number of Wynnchurch Capital's portfolio companies.

**Item 3 – Disciplinary Information**

Mr. Theodore has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

As stated above, Mr. Theodore serves on the board of a number of Wynnchurch's portfolio companies. Mr. Theodore's appointment on such boards has been designated to be in the best interest of the Funds and their respective limited partners. Serving on portfolio company boards could lead to potential conflicts of interest. For example, a conflict of interest may arise between Mr. Theodore's fiduciary duties to the portfolio company on which he serves and his duty to the Firm, as decisions that are in the portfolio companies' best interest may possibly not be in the Firm's best interests. As the Funds are generally be significant shareholders of such companies, it is expected that these interests will generally be aligned; however, appropriate measures have been taken whereby Mr. Theodore may recuse himself in such circumstances from the decision making process.

**Item 5 – Additional Compensation**

Mr. Theodore does not receive an economic benefit for providing advisory services other than his salary and share of the carried interest distribution paid by Wynnchurch Capital.

#### **Item 6 – Supervision**

Mr. Theodore is supervised on compliance matters by Wynnchurch Capital's Chief Compliance Officer, Roy Sroka, (847) 604-6100.

**Roy E. Sroka**

Year of Birth: 1971

Chief Financial Officer, Secretary, AML Officer, Chief Compliance Officer

Wynnchurch Capital, LLC

6250 North River Road

Suite 10-100

Rosemont, IL 60018

(847) 604-6100

**Item 2 – Educational Background and Business Experience**

Mr. Sroka received a B.S. degree in Accounting from DeVry University and an M.B.A. from DePaul University. Mr. Sroka is a Certified Public Accountant and is licensed in the State of Illinois.

Mr. Sroka serves as the Chief Financial Officer and Chief Compliance Officer of Wynnchurch Capital. Prior to joining Wynnchurch Capital's predecessor firm in 2006, Mr. Sroka was the Director of Operations of Chicago Administration & Corporate Services, LLC, a third-party administration office of internationally based hedge funds. He began his career in public accounting at a regional firm, then took a position in a private equity organization as the controller and spent the next seven years working with private equity investments and overseeing the accounting of several organizations.

**Item 3 – Disciplinary Information**

Mr. Sroka has never been the object of any legal or disciplinary event, proceeding or action.

**Item 4 – Other Business Activities**

Mr. Sroka is not actively engaged in any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. He serves as the Chief Financial Officer and Chief Compliance Officer of Wynnchurch Capital.

**Item 5 – Additional Compensation**

Mr. Sroka does not receive an economic benefit for providing advisory services other than his salary and share of the carried interest distribution paid by Wynnchurch Capital.

**Item 6 – Supervision**

Mr. Sroka is supervised by Wynnchurch Capital's President, John Hatherly, (847) 604-6100.