

# **Sunley House Capital Management LLC**

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March 30, 2016

This brochure (the “Brochure”) provides information about the qualifications and business practices of Sunley House Capital Management LLC (“Sunley House”). If you have any questions about the contents of this Brochure, please contact us at (617) 951-9400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Sunley House is registered as an investment adviser with the SEC. Registration with the SEC does not imply any level of skill or training.

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

## **Item 2. Material Changes**

Sunley House filed its initial brochure on March 16, 2015. The following are the only material changes since our initial filing:

Item 4 has been updated to indicate that advisory service to the Funds has commenced and Sunley House now has discretionary assets under management.

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#### **Item 4. Advisory Business**

Sunley House Capital Management LLC (“Sunley House” or “We” or “Us”), a limited liability company organized under the laws of the State of Delaware, was formed in 2014 and is a wholly owned subsidiary of Advent International Corporation (“AIC” and, together with its affiliates excluding Sunley House, “Advent”), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) (SEC No. 801-29357). Sunley House provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the securities of which are exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) (each a “Fund” and collectively, the “Funds”). The Funds are organized in a “master-feeder” structure in which feeder Funds invest substantially all of their assets into the master Fund (“Master Fund”), and in turn, the Master Fund makes investments.

The investors in the Funds are primarily “accredited investors,” as defined in the Securities Act, and/or “qualified purchasers” (or “knowledgeable employees”), as defined in the Investment Company Act, but investors in the non-U.S. feeder Fund may also include qualified investors who are not “U.S. Persons,” as defined under Regulation S of the Securities Act. Currently, the Funds are available only to directors, officers, principals, employees or former employees of Advent or Sunley House, or a trust, family partnership or similar affiliate or related party of any such person.

As an investment adviser, Sunley House identifies investment opportunities and carries out the acquisition, monitoring and disposition of investments for the Funds. The primary investment objective of the Funds is to achieve long term capital gains primarily through investments in publicly traded securities globally. Please see Item 8 of this Brochure for a general description of the investment strategies followed by the Funds.

Sunley House generally provides investment advisory services to each Fund pursuant to a separate investment advisory agreement (each, an “Investment Management Agreement”). The terms of the investment advisory services to be provided by Sunley House to each Fund, including any specific investment guidelines or restrictions, are set forth in the Fund’s Investment Management Agreement. Specific investment guidelines or restrictions for each Fund, if any, are set forth in the organizational or offering documents of the applicable Fund. Investment advice is provided directly to the Fund, and not individually to the investors in the Funds. As used herein, the term “client” generally refers to each Fund.

As of December 31, 2015, Sunley House had approximately \$49.6 million in discretionary regulatory assets under management.

## **Item 5. Fees and Compensation**

Sunley House generally charges asset-based investment advisory fees to each Fund. Advisory fees paid by a Fund are indirectly borne by investors in such Fund. Such investment advisory fees are deducted from Fund assets and generally payable quarterly in advance, depending upon the Fund. The amount of any investment advisory fee is prorated for periods of less than a full billing cycle at the beginning or end of Sunley House's provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of investment advisory services. Advisory fees may be waived or reduced by Sunley House in its sole discretion. Thus, the precise amount of, and the manner and calculation of, the advisory fees for each Fund are established by Sunley House, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund's Investment Management Agreement, organizational documents, offering documents and/or other documentation received by each investor prior to investment in such Fund ("Governing Documents").

Consistent with the Funds' Governing Documents, the investors in the Funds, who are eligible current or former employees of Advent or Sunley House, are not being charged an asset-based investment advisory fee.

For certain Funds, expense reimbursements (including, among other things, expenses related to legal and accounting fees, costs and other expenses incurred in connection with the structuring, organization, syndication and closing of the Fund, and all offering expenses of the Fund and any other investment vehicle formed in the future to invest, directly or indirectly, in the Fund, which include, without limitation, expenses relating to the offering of interests therein or shares thereof) may be payable by the Fund to Sunley House or its affiliates. These expense reimbursements are generally disclosed to investors under the Governing Documents of the applicable Fund and are in addition to the investment advisory fees discussed above. Please see Item 10 of this Brochure for a general description of the services provided by Sunley House affiliates.

Additionally, and consistent with its Governing Documents, each Fund also generally bears all of its expenses which include, but are not limited to, investment-related expenses, operational expenses, expenses determined in good faith to be related to the investment of each such Fund's assets, internal and external administrative consulting and recordkeeping fees and expenses, brokerage commissions, execution services, other charges for transactions in securities and other instruments, costs of or relating to licensing, subscription fees, out-of-pocket costs related to specific investments, due diligence expenses, research expenses, travel expenses in connection with due diligence, travel expenses in connection with transactions, travel expenses in connection with research, margin interest expenses, custodial expenses, fees of risk management consultants, risk management system expenses, interest on borrowings, the cost of structuring, implementing and disposing of any investments, subsidiaries or special purpose vehicles, income, franchise, transfer, stamp or similar taxes or charges (including penalties), insurance costs, administration fees and expenses, tax and internal and external accounting fees and expenses, maintenance of books and records costs, audit fees, legal fees, servicing fees, costs and expenses arising from all Fund communications, the admission or withdrawal of the limited partners or shareholders of the Fund, purchases or redemptions of interests or shares by investors in the Fund, dispatches of checks, financial reports, tax returns and notices, extraordinary expenses (including litigation, indemnification and contribution

expenses) and all other expenses and/or liabilities incurred in connection with the operation of the Fund. Generally, the feeder Funds will bear their pro-rata share of all expenses of the Master Fund; provided, however, that the general partner of the Master Fund may, in its sole discretion, specially allocate expenses between the feeder Funds in any manner it determines to be appropriate in its sole discretion.

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

The Funds' Governing Documents generally provide for a special performance-based allocation of a portion of their investment profits to the general partner of the Master Fund, which general partner is affiliated with Sunley House. The Performance-based allocation may be waived or reduced by the general partner of the Master Fund in its sole discretion. When such performance-based allocations apply to any investor in the Funds, they may create an incentive for Sunley House to take risks in managing the Funds overall that it would not otherwise take in the absence of such arrangements. Such performance-based allocations may be waived or reduced for certain investors.

Consistent with the Funds' Governing Documents, the investors in the Funds, who are eligible current or former employees of Advent or Sunley House, will not be charged a performance-based allocation.

#### **Item 7. Types of Clients**

Sunley House's only advisory clients are the Funds. Investments in the Funds are subject to minimum investment requirements. See Item 4 of this Brochure and refer to the Funds' Governing Documents for more information.

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

##### **A. Methods of Analysis and Investment Strategies**

Sunley House's investment committee (the "Investment Committee") provides oversight and parameters for investment of the Funds' portfolio. The executive officers of Sunley House make and execute day-to-day trading decisions within those parameters. The Investment Committee consists of two senior members of Sunley House's investment team who are employed by Sunley House and three executives of Advent who are involved in Advent's private equity business. Sunley House's investment team also participates in sector meetings and discussions with senior members of Advent's private equity team who have specific industry and/or geographic expertise that may be useful in identifying, analyzing and monitoring investments for the Funds.

Sunley House focuses on identifying companies that exhibit the potential for capital appreciation and for earnings sustainability and growth due to the characteristics of the industries in which they compete, their positions within those industries, and the capabilities of their management teams to execute their business plans. Sunley House's analysis generally focuses on a company's potential performance over two to five years. Companies with strong fundamentals and growth opportunities typically trade at premium valuations, so Sunley House seeks to invest at those

times when short-term uncertainty leads to attractive valuations. Sunley House seeks to uncover such opportunities through a fundamental, research-intensive, security selection process.

The Funds' portfolio is expected to be constructed through the acquisition of investments which Sunley House believes to have the greatest potential return, taking into account risk considerations, but Sunley House generally will not be focused on avoiding short-term volatility and views security price fluctuations more as opportunities than as risks.

Sunley House's fundamental, research-intensive, security selection process and post-investment monitoring program require the commitment of substantial time and resources. Consequently, the Funds' portfolio may be relatively concentrated in a small number of issuers or investments.

The Funds currently focus on investing in corporate securities globally, including equity and fixed income with an emphasis on equity. These securities may include common stocks, preferred stocks, convertible securities, warrants, stock purchase rights, depository receipts, shares of investment companies, and other equity related interests, bank loans, bonds and other debt instruments. Sunley House may also implement the Funds' strategy with investments in other securities and instruments, including but not limited to partnership interests, market indices, foreign currencies, swaps, options and other financial, derivative, or similar instruments or investments that Sunley House deems appropriate. The Funds invest in long positions, but may also sell securities and other investments short. The Funds may also engage in a wide range of transactions designed to allow the Funds to leverage their returns from specific securities or to enhance the Funds' return overall, and may employ active portfolio management strategies both as a hedge against volatility and to seek to produce additional income and capital appreciation.

The Funds may also invest in futures on securities, and related options, but do not currently intend to engage in the use of commodity futures contracts and related options or to purchase or sell other commodities. Excess funds may be invested in government securities, money market funds, certificates of deposit and bankers' acceptances and other money market instruments deemed appropriate by Sunley House.

There are no material limitations on the asset classes, instruments or countries in which the Fund may invest. The descriptions contained herein of specific activities which may be engaged in by the Fund should not be construed as limiting the Fund's investment activities. The Fund reserves the right to expand its investment focus and modify its investment strategy as described in the Governing Documents.

## **B. Material Risks**

The investment strategies described above, and other strategies that may be pursued by the Funds, involve a substantial degree of risk, and the Funds may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund's offering document and representatives of Sunley House or its affiliates are available to discuss with potential investors risks involved in the strategies pursued by a Fund.

*Investment Strategies.* The Funds' primary investment strategies entail the following material risks:

General Market Risks. The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. Notwithstanding the existence of a public market for particular financial instruments, such instruments may be thinly traded or may cease to be traded after an investment is made. In addition, such instruments may be issued by unstable or unseasoned issuers or may be highly speculative. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss. No assurance can be given that the Funds' investments will appreciate in value.

Common Stock. The Funds may invest in common stock. Common stock historically has experienced significantly more volatility than fixed income securities. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Funds. Also, the price of common stock is sensitive to general movements in the stock market and a drop in the stock market may depress the price of common stock in which the Funds invest. Common stock prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market or when political or economic events affecting the issuers occur. In addition, common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

Non-U.S. Investments. Investments outside of the United States or denominated in non-U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and/or market manipulation. In addition, less information may be available regarding non-U.S. issuers, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, as stringent as or as uniform as those of U.S. companies. Further, non-U.S. securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside of the United States are often higher than in the United States. Higher costs result because of the cost of converting a non-U.S. currency to U.S. dollars, the payment of fixed brokerage commissions on some non-U.S. exchanges and the imposition of transfer taxes or transaction charges by non-U.S. exchanges. There is often less government supervision and regulation of non-U.S. exchanges, brokers and issuers than there is in the U.S. and there may be greater difficulty in taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance.



The economies of non-U.S. jurisdictions may differ from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. jurisdictions may be based, predominantly, on only a few industries and therefore may be more vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Emerging Markets. Many securities markets in developing and/or emerging markets have substantially less volume and are subject to less government supervision than in the U.S. and other developed country securities markets. Securities of many issuers in emerging markets may be less liquid and more volatile than securities of comparable U.S. and other developed country issuers. In addition, there is generally less governmental regulation of securities exchanges, securities dealers and listed and unlisted companies and less stringent reporting requirements in emerging markets than in the U.S. and other developed countries. Emerging markets may have slower clearance and settlement procedures, higher transaction costs and restrictions on investment in certain instruments, which may restrict or delay investments in such markets by the Funds. In addition, certain governments may require approval for, or otherwise restrict, the repatriation of investment income, capital or proceeds of sales of securities by foreign investors. Common risks of these markets also include governmental intervention, lack of capital, generally smaller size companies with less management depth and expertise, or lack of availability of capital.

Non-U.S. Currency Risk Exposure. To the extent the Funds do not or are not able to hedge non-U.S. currency risks, the Funds may be exposed to additional risk due to exchange rate fluctuations. The capital subscriptions to the Funds will be denominated in U.S. dollars and withdrawal payments are generally payable in U.S. dollars. The Funds may seek, but are not obligated, to hedge currency exchange risks. The Funds may attempt, within the parameters of currency and exchange controls that may be in effect, to obtain rights to exchange their invested capital, dividends, interest, fees, other distributions and capital gains into convertible currencies. Further, the Funds may incur costs in connection with conversions between various currencies. Global currency exchange rates have been highly volatile in recent years. The combination of volatility and leverage gives rise to the possibility of large profit and large loss. In addition, there is counterparty risk since currency trading is done on a principal to principal basis. If investments made by a Fund are denominated in a currency other than that Fund's base currency, the relative value of those investments (or the proceeds received from the disposition of those investments), when valued in the Fund's base currency, will fluctuate as a result of changes in currency exchange rates between the date the investment was originally made and the valuation or disposition date. As a result, an increase or decrease in the value of an unrealized investment or the return on a realized investment could reflect fluctuations in currency exchange rates, rather than changes in the value of the applicable investment itself.

Hedging. Sunley House may, but is not obligated to, employ various hedging techniques in an attempt to reduce certain risks, including, but not limited to, currency risks associated with investments denominated in foreign currencies. For example, hedging in options may reduce the

risks of both short-selling and taking long positions in certain transactions. Sunley House may or may not recalculate and adjust specific position hedges as market conditions warrant. However, such position hedges entail risks of their own. For example, unanticipated changes in currency exchange rates may result in an overall poorer performance for the Funds than if currency risks had not been hedged. If Sunley House analyzes market conditions incorrectly or employs a risk reduction strategy that does not correlate well with the Funds' investments, the Funds' risk reduction techniques, if any, could result in a loss, regardless of whether the intent was to reduce risk or increase return.

Concentration. Sunley House is not subject to any diversification requirements or any restrictions on concentration. Sunley House may concentrate the Funds' investments in a particular asset, strategy, issuer, industry, security, instrument, currency or market. Various factors may cause the Funds to be more highly concentrated or to hold more cash at certain times than others. A concentration of risk will make the Funds' investments more susceptible to fluctuations in value resulting from adverse economic, business or other conditions affecting that particular asset, strategy, issuer, industry, security, instrument, currency or market, and may expose the Funds to losses disproportionate to those that they might have incurred if the Funds maintained a greater level of diversification.

High Risk Investing. Substantial risks are involved in investing in securities and other financial instruments. The prices of many of the Funds' investment positions may be highly volatile and market movements are difficult to predict. Moreover, the value of the Funds' investment positions may be subject to decreases as a result of general economic conditions and/or adverse effects upon the companies in which the Funds invest.

No Material Limitation on Strategies. The Funds will opportunistically implement strategies and discretionary approaches Sunley House believes from time to time may be best suited to prevailing market conditions. There can be no assurance that Sunley House will be successful in applying any strategy or discretionary approach to the Funds' investing. In addition, any new investment strategy or technique developed by Sunley House may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Funds.

Systemic Risk. Credit risk may arise through a default by or because of one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by or because of one institution may cause a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing houses, banks, securities firms, and exchanges with which the Funds interact. A systemic failure could have material adverse consequences on the Funds and on the markets for the financial instruments in which the Funds seek to invest.

Risk of Loss. No guarantee or representation is made that the Funds' investment program will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past performance is no guarantee of future results. Investors must be prepared for the risk of losing all or substantially all of their investment in the Funds.

Leverage. Leverage use by the Funds may vary over time and there is no cap or other restriction on the type or amount of leverage used by the Funds. The amount of leverage used by the Funds may be significant at times, depending on the Funds' current investment strategies. The use of leverage, which can be described as exposure to changes in price at a ratio greater than the amount of equity invested, magnifies both the favorable and unfavorable effects of price movements in the investments made by the Funds. Leverage may take the form of trading on margin, investing in derivative instruments that are inherently leveraged, entering into repurchase agreements or securities lending agreements and entering into other forms of direct or indirect borrowings. The amount of leverage or borrowings that the Funds may have outstanding at any time may be large in relation to their capital. To the extent the Funds employ leverage in their investment operations, the Funds and, consequently, the investors will be subject to a substantial risk of loss. With volatile instruments, downward price swings can result in margin calls that could require liquidation of securities at inopportune times and could result in losses in excess of the amount invested.

Illiquid Portfolio Instruments. The Funds may invest part of their assets in illiquid investments. The Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Where appropriate, positions in the Funds' investment portfolio that are illiquid and do not actively trade may be valued by an independent valuation agent at the expense of the Funds. Such valuations may not prove to be accurate and an independent valuation agent's inability to price investments accurately may result in adverse consequences for the Funds.

In addition, to the extent such methodologies, in hindsight, prove to have overvalued an investment, investment advisory fees and performance-based allocations may be higher than they would have been if they had been calculated with the benefit of such hindsight. Similarly, to the extent that such methodologies, in hindsight, prove to have overvalued or undervalued an investment, an investor's subscription or withdrawal may be based on asset valuations that are higher or lower than they would have been if they had been calculated with the benefit of such hindsight.

Effect of Performance Allocation. The performance-based allocation made to the general partner of the Master Fund is not the product of an arm's length negotiation with any third party and may result in substantially higher allocations to the general partner of the Master Fund than alternative arrangements in other types of investment vehicles. Performance allocations are based on realized and unrealized profits and losses for each capital account established at the Master Fund level and may be greater than if such performance-based allocations were based solely on realized profits. As a result, performance-based allocations may be made on unrealized gains, which may subsequently never be realized by an investor in the Fund as positions may be closed out at a loss in a later period with a consequent reduction in the net asset value per such investor's interest in the Fund. Further, performance-based allocations may create an incentive to Sunley House to select riskier or more speculative trades than would be the case in the absence of such an arrangement.

Certain Trading Restrictions. By reason of its various activities, and because it will operate without information barriers, Sunley House, its affiliates and their respective employees may have access to material non-public information about an issuer. For example, Advent and its

employees and affiliates regularly acquire confidential information and regularly enter into confidentiality and/or “standstill agreements” when assessing investment opportunities. Similarly, an employee of an affiliate of Sunley House may serve from time to time as a director, or in a similar capacity, or as an executive officer, with respect to an issuer, which service may prohibit the Fund from engaging in transactions involving securities of that issuer or involving other issuers engaging or proposing to engage in transactions with such issuer.

Sunley House and its affiliates have adopted certain policies and procedures concerning the handling of material non-public information. These policies and procedures are designed to prevent insider trading and violations of applicable securities laws. As such, in the event that an employee of Sunley House or its affiliate obtains material non-public information with respect to any company or otherwise becomes restricted from trading the securities of such company for any reason, Sunley House may be prohibited for a period of time from engaging in transactions on behalf of the Fund with respect to the securities of such company, including (A) restricting the Fund from disposing of certain of its investments and (B) limiting the Fund’s ability to invest in otherwise attractive investments. These prohibitions may have an adverse effect on the Fund. The likelihood of Sunley House and its affiliates having material non-public information from time to time is increased as a result of the nature of Advent’s private equity business and the absence of information barriers.

*Hedging Techniques and Other Strategies.* The hedging and other strategies that the Funds may pursue over time or from time to time may entail the following additional material risks:

Investments in Governmental Debt. The Funds may invest in debt of governments and quasi-governmental entities. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Funds may have limited legal recourse in the event of default. Governmental actions could have a significant effect on the value of any of the Funds’ investments.

Fixed Income Securities. The value of fixed income securities in which the Funds may invest will change in response to fluctuations in interest rates, response to perceptions of credit worthiness, political stability or soundness of economic policies, and changes in the economic environment that may affect future cash flows.

Trading in Futures, Options, Swaps, Commodities and Other Derivatives. As discussed in greater detail below, certain risks are associated with trading in futures, options, swaps, commodities and other derivatives. The prices of all derivative instruments, including futures and options, can be highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures, options and commodities contracts and payments pursuant to swaps are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swaps also depends upon the price of the underlying commodities or financial instruments. In addition, the Funds’ assets are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.

Option Transactions. The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument does not change price in the manner expected, so that the option expires worthless and the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of either a change in the volatility of the underlying security or the actual price movement in the underlying security. The Funds may purchase or sell customized options and other derivatives in the over-the-counter market that may have features different from traditional exchange-traded options (in which the Funds may also invest), though they also share similar risks. These options and derivative instruments may also subject the Funds to risk of default by the counterparty. Investments in these financial instruments may also be subject to additional risks such as interest rate and other risks. The ability of the Funds to close out a position as purchaser of an exchange-listed option would be dependent upon the existence of a liquid secondary market on an exchange. Among the possible reasons for the absence of a liquid secondary market on an exchange are (i) insufficient trading interest in certain options; (ii) restrictions on transactions imposed by an exchange; (iii) trading halts, suspensions or other restrictions imposed with respect to particular classes or series of options or underlying securities; (iv) interruption of the normal operations on an exchange; (v) inadequacy of the facilities of an exchange or similar facility to handle current trading volume or (vi) a decision by one or more exchanges to discontinue the trading of options (or a particular class or series of options), in which event the secondary market on that exchange (or in that class or series of options) would cease to exist, although outstanding options on that exchange would generally continue to be exercisable in accordance with their terms.

Short Sales. The Funds may utilize short selling. Short selling involves directly or indirectly selling (or having the equivalent exposure to) securities or other instruments or derivatives thereof which may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace any such borrowed securities at a later date. Short selling allows the Funds to profit from declines in market prices to the extent such decline exceeds the transaction costs and any costs of borrowing. However, because the borrowed assets generally must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed assets would result in a loss, which is theoretically unlimited in amount. There can be no assurance that the assets necessary to cover a short position will be available for purchase and purchasing assets to close out the short position can itself cause the price to rise further, thereby exacerbating the loss. Market participants may take steps to acquire or “corner” the floating supply of assets needed to close out short positions making it extremely costly or impossible to cover or close out a short position. In addition, rules may prohibit short sales of equity securities at prices below the last sale price, which may prevent the Funds from executing short sales at the most desirable time. Short strategies can also be implemented synthetically through various instruments available on an exchange or over the counter and can be used with respect to indices and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Funds may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. They can also be implemented on a leveraged basis. Lastly, even if the Funds

secure a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Funds to purchase the security at the then-prevailing market price which may be higher than the price at which such security was originally sold short by the Funds.

Derivative Instruments. The Funds may invest in complex derivative instruments that seek to modify or emulate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets, or specific risks thereof, on a leveraged or unleveraged basis which can be equivalent to a long or short position in the underlying asset or risk. These instruments generally have counterparty risk and may not perform in the manner expected, thereby resulting in greater loss or gain to the Funds than might otherwise be anticipated. These investments are all subject to additional risks that may result in a loss of all or part of an investment, such as interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have very high leverage embedded in them which may substantially magnify market movements and result in losses substantially greater than the amount of the investment and which, in some cases, could represent a significant portion of the Funds’ assets. Finally, when used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Funds from achieving the intended hedging effect or expose the Funds to the risk of loss.

Commodity Derivative Contracts. Trading in commodity interests may involve substantial risks. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity derivative contracts and the Funds may be required to maintain a position until expiration, which could result in losses.

Other Derivative Instruments. The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Funds and legally permissible.

Swaps. Investments in swaps involve the exchange by the Funds with another party of all or a portion of their respective interests or commitments. For example, in the case of currency swaps, the Funds may exchange with another party their respective commitments to pay or receive currency. Use of swaps may subject the Funds to risk of default by the counterparty. If there is a default by the counterparty to such a transaction, the Funds will have contractual remedies pursuant to the agreements related to the transaction. The Funds may enter into currency, interest rate, total return or other swaps which may be surrogates for other instruments such as bonds, currency forwards, interest rate options and equity instruments and indices on the foregoing. The value of such instruments generally depends upon changes in volatility, price movements in the underlying assets and counterparty risk.

Futures. Futures contracts are inherently leveraged, and exposure can be nearly unlimited, and futures markets can be highly volatile. To the extent the Funds engage in transactions in futures contracts and options on futures contracts, the profitability of the Funds will depend to some

degree on the ability of Sunley House to correctly analyze the futures markets, which can be influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events and changes in interest rates. Moreover, futures contracts can involve additional risks including, without limitation, a lack of sufficient liquidity to roll over positions, and the failure of the Funds' clearing member(s). Additionally, the Commodity Futures Trading Commission and futures exchanges have established limits referred to as "speculative position limits" on the maximum net long or net short position which any person may hold or control in particular commodity contracts. Trading in futures is also subject to the risk that government regulators or exchange self-regulatory organizations will change futures exchange rules or contract specifications between the time a contract is entered and the time it is closed in ways which are materially detrimental to a party trading in those contracts or on such exchanges.

#### **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the investment adviser or the integrity of its management. Sunley House has no disciplinary matters required to be disclosed under this Item.

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

##### **A. Other Financial Industry Activities**

A registered investment adviser is required to disclose whether it or any of its management persons are registered, or have an application pending to register, as a (a) broker-dealer or a registered representative of a broker-dealer, or (b) futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Neither Sunley House nor any of its management persons are registered as such or have any application for such registration pending.

##### **B. Material Relationships and Arrangements**

Sunley House has a material arrangement with AIC pursuant to which Sunley House carries out its compliance, finance and other operational functions on an integrated basis with Advent, allowing it to leverage Advent's experience and the breadth of its global organization at no additional cost to the Funds.

Sunley House is also affiliated with a significant number of investment advisers and other related parties. AIC has established the following majority owned and wholly owned subsidiaries to provide investment advisory services, directly or indirectly, to Advent in various countries.

- Advent Do Brasil Consultoria E Participacoes Ltda – Brazil
- Advent International Advisory S.L. – Spain
- Advent International Colombia S.A.S. – Colombia
- Advent International Cyprus Limited – Cyprus
- Advent International Hong Kong Limited

- Advent International PE Advisors, S.C. – Mexico
- Advent International plc – United Kingdom
- Advent International S.A.C. - Peru
- Advent International S.A.S. – France
- Advent International Sp. Zo.o.sp.k. – Poland
- Advent International s.r.o. – Czech Republic

The following entities provide investment advisory services, directly or indirectly, solely to Advent.

- Advent Investment Advisory GmbH – Germany
- Advent International GmbH – Germany

Additionally, AIC holds a direct or indirect interest in the entities listed below. These entities have been established for the purpose of serving as the general partner or managing member of the investment funds to which AIC provides investment advice.

- ACEE III GP Limited Partnership
- ACEE IV GP (Delaware) Limited Partnership
- ACEE IV GP Limited Partnership
- Advent AH General Partner, L.P.
- Advent Cayman GPE IV- D GP LTD
- Advent Funds LLC
- Advent Global Management L.P.
- Advent International AILP LLC
- Advent International LLC
- Advent International Cayman L.L.C.
- Advent International GPE VII, LLC
- Advent International GPE VIII, LLC
- Advent International LAPEF VI, LLC
- Advent International L. P.
- Advent Latin II-C Management Limited Partnership
- AHLS III GP Limited Partnership
- Dragonera Holding B.V.
- GPE V GP Limited Partnership
- GPE VI FIS GP Sarl
- GPE VI GP (Delaware) Limited Partnership
- GPE VI GP Limited Partnership
- GPE VI OT Co-Investment GP Limited Partnership
- GPE VII FIS GP Sarl
- GPE VII GP (Delaware) Limited Partnership
- GPE VII GP Limited Partnership
- GPE VIII GP (Delaware) Limited Partnership
- GPE VIII GP Limited Partnership
- LAPEF III GP Limited Partnership
- LAPEF IV GP Limited Partnership
- LAPEF V GP Limited Partnership



■ LAPEF VI GP Limited Partnership

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

Sunley House has established a Code of Ethics in accordance with Rule 204A-1 under the Advisers Act. Sunley House's Code of Ethics contains provisions that remind employees of their obligations to the clients and obligations to comply with federal securities laws, sets forth standards of conduct, restricts personal securities trading and requires reporting of personal securities transactions and holdings. Sunley House's Code of Ethics also contains provisions related to reporting violations of, and enforcing, Sunley House's Code of Ethics. Each Sunley House employee is required to acknowledge at the time of hire and then on an annual basis that he or she received, read and understands Sunley House's Code of Ethics.

The Code of Ethics is designed to prevent the personal securities transactions and interests of the employees of Sunley House from interfering with (i) making decisions in the best interest of the clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts where appropriate. The Code of Ethics prohibits Sunley House employees (but not Advent personnel who are members of the Investment Committee or who otherwise spend some of their time on Sunley House matters) from purchasing any type of a company's publicly listed securities, and requires pre-clearance for all Sunley House employees (including all Investment Committee members) for sales of, and personal securities transactions in, initial public offerings and limited offerings.

Interested persons may request a copy of the Code of Ethics by contacting Jaime Utano, Compliance Manager, at (617) 951-9473 [or jutano@adventinternational.com](mailto:jutano@adventinternational.com).

*Cross-Trades, Principal Transactions, and Trade Aggregation*

Sunley House may effect client cross-transactions where it causes a transaction to be effected between the Funds and another account managed or advised by Sunley House or any of its affiliates when they believe such transactions are appropriate and in accordance with applicable regulatory requirements. To the extent that a cross transaction may be viewed as a principal transaction due to the ownership interest in the Funds or such other client by Sunley House or its affiliates, Sunley House will comply with the requirements of Section 206(3) of the Advisers Act, including obtaining the requisite consent. To the extent permitted by law, Sunley House is permitted to bunch or aggregate orders for the Funds' account with orders for other accounts, notwithstanding that the effect of such aggregation may operate to the disadvantage of the Funds.

*Conflicts of Interest*

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Sunley House, its affiliates and their respective clients. The following briefly summarizes some of these conflicts; it is not intended to be an exhaustive list of all such conflicts.

Sunley House is owned and controlled by AIC, an SEC registered investment adviser that advises private equity funds. AIC and other affiliates of Sunley House engage in a broad spectrum of activities, including direct private equity investment activities and investment advisory activities, and have extensive investment activities, both on behalf of other funds and accounts for which they act as manager and on a principal basis, that are independent from, and may from time to time conflict with, the Funds' investment activities. Under certain circumstances as a result of these other activities, the Funds' investment activities may be restricted or the Funds may be obligated to obtain approval from a Sunley House affiliate prior to making an investment, hold an investment for an extended period of time, roll-over an investment into an illiquid position, sell an investment at an inopportune time or price, or forego an investment opportunity all together.

Sunley House, its affiliates and their respective clients may also make investments that would be appropriate for the Funds. Such investments may be different from those made on behalf of the Funds. In addition, affiliates and clients of Sunley House may make investments that are senior to, or have interests different from or adverse to, the investments made by the Funds. Sunley House and/or its affiliates may at certain times be simultaneously seeking to purchase and dispose of investments for their respective accounts, the Funds, any similar entity for which they serve as investment manager and for their respective clients or affiliates. Subject to the requirements of the governing instruments pertaining to Sunley House or its affiliates, investment opportunities sourced by Sunley House will generally be allocated to the Funds in a manner that Sunley House or other of its affiliates believe, in their judgment, to be appropriate given factors they believe to be relevant. Such factors may include the investment objectives, liquidity, diversification, and other limitations of the Funds and Sunley House or other affiliates and the amount of funds each of them has available for such investment. Investment opportunities sourced by AIC that are appropriate for both the private equity funds and the Funds will be allocated among the private equity funds and the Funds as provided in AIC's Fund Allocation Policy, subject to complying with any requirements in the organizational documents of the private equity funds. It is anticipated that under certain circumstances, and in compliance with the Funds' Governing Documents, the Funds may co-invest in certain portfolio companies with private equity funds advised by AIC.

Neither Sunley House nor any of its affiliates is under any obligation to offer investment opportunities of which they become aware to the Funds or to account to the Funds (or share with the Funds or inform the Funds of) any such transaction or any benefit received by them from any such transaction or to inform the Funds of any investments before offering any investments to other funds or accounts that Sunley House and/or its affiliates manage or advise. Furthermore, Sunley House and/or its affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity or making any investment on behalf of the Funds. Furthermore, affiliates of Sunley House may make an investment on their own behalf without offering the investment opportunity to, or Sunley House making any investment on behalf of, the Funds. Affirmative obligations may exist or arise in the future, whereby affiliates of Sunley House are obligated to offer certain investments to funds or accounts that such affiliates manage or advise before or without Sunley House offering those investments to the Funds. Sunley House may make investments on behalf of the Funds that it has declined to invest in for its own account, the account of any of its affiliates or the account of its other clients. Sunley House and its affiliates will endeavor to resolve conflicts arising

therefrom in a manner that it deems equitable to the extent possible under the prevailing facts and circumstances and applicable law.

In exercising its discretion to allocate investment opportunities, Sunley House and its affiliates may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among funds or accounts with differing fee, expense and compensation structures, Sunley House and its affiliates may have an incentive to allocate investment opportunities to the funds or accounts from which Sunley House and its affiliates or their related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. In addition, directors, officers, principals and employees of Sunley House and its affiliates may invest in funds or accounts managed by AIC and may therefore participate in investments made by the funds or accounts in which they invest. Such interests will vary from one fund or account to another. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a fund or account, including the Funds.

The Funds' investors will include taxable and tax-exempt entities and may include persons or entities organized in multiple jurisdictions. The various types of investors may have conflicting investment, tax and other interests with respect to their investment in the Funds. When considering a potential investment, Sunley House will generally consider the investment objectives of the applicable Fund, as a whole, and not the investment objectives of any investor individually. Consequently, Sunley House may make decisions from time to time that may be more beneficial to one type of investor than another.

Although the principals, employees and professional staff of Sunley House will devote as much time to the Funds as Sunley House deems appropriate to perform its duties in accordance with its Investment Management Agreements and in accordance with reasonable commercial standards, such principals, employees and professional staff may have conflicts in allocating their time and services among the Funds and other funds and accounts of Sunley House and its affiliates.

Because the Funds will bear their expenses or, if incurred by Sunley House, are reimbursed by the Funds, Sunley House may not necessarily seek out the lowest cost options when incurring (or causing the Funds to incur) such expenses.

As described in Item 12 below, Sunley House has engaged an unaffiliated registered broker-dealer to provide the Funds with exclusive execution services for global public equity securities, including providing in effect an outsourced trading desk service, and the broker-dealer will be compensated for such services on an agreed commission basis (in addition to any commission charged by other brokers with whom transactions are executed or cleared). Sunley House will monitor and oversee the services provided, consistent with its duty of best execution; however, the effect of this arrangement is that the Funds will bear the costs of the equity trading desk functions, whereas if Sunley House provided trading desk services directly, it would bear the costs of such services. This presents a potential conflict of interest; however, given the global equity strategy of the Funds and the need to understand and have current information with respect to multiple global markets, Sunley House believes that such arrangement is in the best interest of the Funds. Sunley House anticipates that the experience and market knowledge

offered through outsourcing will benefit the Funds, although there can be no assurance that any benefits will be achieved.

### **Item 12. Brokerage Practices**

Sunley House has complete discretion in deciding which financial instruments are bought and sold by the Funds, the amount and price of the financial instruments, the brokers or dealers to be used for a particular transaction, and the commissions or markups and markdowns paid. In executing portfolio transactions for the Funds, including financings, and selecting brokers and dealers, Sunley House will seek best execution, taking into consideration the factors Sunley House considers relevant, including price and, to the extent applicable, transaction costs, ability to effect transactions, facilities, confidentiality, reliability and financial responsibility, access to company management, access to deal flow, experience with precedent transactions, ability to provide financing commitments, as well as other factors that the Sunley House deems appropriate to consider under the circumstances.

Subject to its obligation to seek best execution, Sunley House may delegate execution of trading functions to one or more third parties, and in executing transactions for the Funds and placing orders with brokers and dealers, Sunley House (or its delegates) may also give consideration to placing portfolio transactions with those brokers and dealers who furnish marketing assistance, capital introduction, consulting services, research, research-related services and consulting services relating to technology and office space and other services to the Funds, Sunley House or its other clients, as the case may be, and as permitted by applicable law, regardless of whether the Funds in any particular instance are the direct or indirect beneficiary of such research or other services provided. Sunley House has engaged an unaffiliated registered broker-dealer to provide exclusive execution services for global public equity securities, including providing in effect an outsourced trading desk service. Sunley House expects to execute transactions in other securities directly. Sunley House monitors and oversees all of its brokerage and trading relationships (including the outsourced arrangement) consistent with its duty of best execution. Sunley House is not obligated to solicit competitive bids or to seek the lowest available commission cost.

Except with respect to the outsourced trading function for global equities, Sunley House has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so-called “soft dollar” arrangements). However, brokers or dealers may be selected who provide Sunley House with brokerage and research services, including but not limited to: proprietary research and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; software, databases and other technical and telecommunications services and equipment utilized in the investment management process; and consulting fees in connection with investigating and monitoring potential and existing investments – all of which may be attractive for one or more Funds or to Sunley House itself.

In accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, broker-dealers providing such services may be paid commissions on Fund transactions in excess of those that other broker-dealers not providing such services might charge so long as Sunley House determines in good faith the amount of commissions is reasonable in relation to the value of the

brokerage and research services provided, taking into account all of the accounts over which Sunley House exercises investment discretion. Recognizing the value of the brokerage and research services provided, Sunley House may allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction.

When Sunley House uses Fund brokerage commissions to obtain brokerage or research services, we receive a benefit to the extent that we do not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of Fund brokerage commissions results in a conflict of interest, because we have an incentive to direct Fund brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for the Funds.

It is Sunley House's policy to not enter into directed brokerage arrangements. A "directed brokerage" arrangement is an arrangement whereby a client of an investment adviser instructs the adviser to direct a portion of its brokerage transactions to a particular broker-dealer.

### **Item 13. Review of Accounts**

At the time of any investment by a Fund, Sunley House evaluates whether the investment will satisfy the particular investment criteria and limitations established by the Investment Committee with respect to such Fund. After an investment is made by a Fund, Sunley House monitors the investment for the Fund. Any decision to sell securities held by a Fund is effected by Sunley House personnel consistent with the parameters established by Sunley House's Investment Committee. Portfolio reports are generally prepared for the Funds and are furnished to the Investment Committee no less frequently than monthly. Portfolio reports typically include the securities held by the Fund; unit cost and current value of each security in the Fund's portfolio; and the Fund's performance information.

In addition and as provided in the Governing Documents of the Funds, each Fund delivers to each limited partner an unaudited investor statement on a monthly basis. Such statement generally includes the limited partner's capital allocation and the Fund's performance for that time period. Each investor also receives the Fund's audited condensed financial statement on an annual basis.

The Sunley House team creates a commentary on a quarterly basis that is distributed to each current investor that highlights the Funds' portfolio among other things.

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

Sunley House does not receive economic benefits from non-clients for providing investment advice and other advisory services. Nor does Sunley House, nor any related person, directly or indirectly compensate any person who is not a supervised person for client referrals.

### **Item 15. Custody**

Sunley House will be deemed to have custody of the Funds' assets because of the authority that Sunley House and/or its affiliated entities have over these assets. Advisers who are deemed to have custody of the assets of clients formed as pooled investment vehicles may comply with the Rule 206(4)-2 under the Advisers Act (the "Custody Rule") if the assets are held by a qualified custodian, the pooled investment vehicle has audited financial statements that are prepared in accordance with generally accepted accounting principles, and such statements are distributed to investors in the pooled investment vehicle within 120 days of the end of the pooled investment vehicle's fiscal year. Sunley House intends to cause the Funds to receive and to distribute to their investors audited financial statements within 120 days of the end of each Fund's fiscal year.

### **Item 16. Investment Discretion**

Pursuant to the Investment Management Agreement of each Fund, and subject to the direction and control of the general partner of such Fund, Sunley House has full discretion over investment decisions and generally performs the day-to-day investment operations of each such Fund in accordance with the terms and conditions of the Governing Documents of such Fund.

### **Item 17. Voting Client Securities**

Sunley House has established proxy voting policies and procedures and Sunley House's Compliance Department oversees the proxy voting process on behalf of the Funds. Designated Sunley House employees are responsible for reviewing, analyzing, monitoring and voting all proxies.

Sunley House will vote proxies on a case-by-case basis in a manner that it determines to be in the best interest of each particular Fund. Sunley House defines the best interest of a Fund in this context primarily with reference to the impact that the issue being voted upon may have on the desirability of owning the security from the perspective of the Fund.

Sunley House's proxy voting policies and procedures include guidelines regarding: (i) the determination, on a case-by-case basis, of how proxies will be voted; (ii) the responsibility of certain designated employees with regard to the proxy voting process; (iii) how material conflicts of interest are addressed so that all proxies are considered and voted in the best interest of the applicable Fund; and (iv) record keeping requirements.

Upon request, Sunley House will provide a Fund or an investor in a Fund with information regarding how the applicable Fund's proxies were voted and will provide a copy of its proxy voting policies and procedures. To obtain this information, please send a written request to:

Sunley House Capital Management LLC  
75 State Street, 29th Floor  
Boston, MA 02109  
Attn: Jhaleh Ghassemi  
Fax: (617) 439-6074

**Item 18. Financial Information**

As a registered investment adviser, Sunley House is required in this Item to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. Sunley House has no financial condition that impairs its ability to meet contractual commitments to its clients. Sunley House has not been the subject of a bankruptcy petition.