

Form ADV, Part 2A - Brochure

Item 1 - Cover Page

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This Brochure provides information about the qualifications and business practices of Southern Cross Group Management, L.P. ("SCGM"). If you have any questions about the contents of this Brochure, please contact Gonzalo Alende Serra at +54 11 5129-5433 or via email at galendeserra@southerncrossgroup.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.

SCGM is a registered investment adviser. Registration of an investment adviser does not imply any 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 SCGM is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Not applicable.

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Item 4 – Advisory Business

Our sole advisory business will be providing investment advisory services to a private equity fund that invests directly in operating companies. The private equity fund is being formed by SCGM and will consist of a closed-end partnership that generally will make value-oriented, control investments in Latin American companies which SCGM believes have significant potential for improved performance and growth. The private equity fund will be structured as a limited partnership vehicle, in which investors will be limited partners and an SCGM-affiliate will serve as the general partner.

SCGM was formed in 2015 as an adviser, following the success of affiliates Southern Cross Capital Management (“SCCM”), which was formed in 1998, and Southern Cross Management (“SCM” and, together with SCCM and SCGM, “Southern Cross”), which was formed in 2006, with the same purpose. SCGM is currently owned indirectly by Gonzalo Alende Serra and is also controlled by an Executive Committee (the “Executive Committee”) consisting of Norberto Morita, Ricardo Rodriguez, Raúl Sotomayor, Horacio Reyser and Sebastián Villa. Following the initial closing of Southern Cross Latin America Private Equity Fund V, L.P., an Ontario limited partnership (“Fund V”), SCGM will be owned, directly or indirectly through non-publicly held intermediate entities, by the Executive Committee members and César Pérez Barnés, Rodrigo Lowndes, Diego Acevedo, as well as certain other partners including Gonzalo Alende Serra (each, a “Principal” and collectively, the “Principals”).

The general partner of Fund V will be Southern Cross Capital Partners V, L.P., an Ontario limited partnership (the “General Partner”), which will be controlled by the Executive Committee following Fund V’s initial closing. Following its initial closing, Fund V will be SCGM’s sole client.

SCM has formed two funds: Southern Cross Latin America Private Equity Fund III, L.P. (“Fund III”) in December 2006; and Southern Cross Latin America Private Equity Fund IV, L.P. (“Fund IV”) in May 2010. Both Fund III and Fund IV (collectively, the “SCM Funds”) are Ontario, Canada limited partnerships with a term of ten years. Fund III raised \$751 million and Fund IV raised \$1,681 million. The general partners of the SCM Funds – Southern Cross Capital Partners III, L.P. and Southern Cross Capital Partners IV, L.P. (the “General Partner of Fund III” and the “General Partner of Fund IV”, respectively) – are also Ontario, Canada limited partnerships and both of them are controlled by SCM’s directors. Fund III and Fund IV are SCM’s sole clients.

In addition to SCGM and SCM, Messrs. Morita, Rodriguez and Sotomayor have been affiliated with a related entity, SCCM, since 1998. SCCM formed two other funds preceding Fund III and Fund IV: Southern Cross Latin America Private Equity Fund, LP (“Fund I”) in 1998 and Southern Cross Latin America Private Equity Fund II, L.P. (“Fund II”) in 2003.

The strategy of Fund I, Fund II, Fund III, Fund IV has remained relatively the same since 1998: to make private equity buyout investments in Latin America, and, after its initial closing, Fund V (collectively with Fund I, Fund II, Fund III and Fund IV, the “Southern

Cross Funds”) will pursue the same strategy. The Southern Cross Funds were established based on Norberto Morita’s and Ricardo Rodriguez’s (together, the “Founders”) shared history of value creation and fundamental belief that private equity investing in Latin America cannot succeed based solely on a financial engineering model. In Southern Cross’ view, the ability to consistently generate attractive investment returns requires (i) extensive local operating and transactional experience; (ii) the ability to create “genuine” long-term, sustainable value through improved operating performance and strategic direction; (iii) the ability to identify, recruit, and work closely with talented local managers; and (iv) a conservative, disciplined approach to pricing and leverage. In order to achieve this, Southern Cross makes investments in concentrated portfolios that enable it to devote substantial time to each of its portfolio companies. Southern Cross also mostly invests in control investments as a way to accomplish the changes that it believes are required and as a means to reasonably manage the timing to exit.

Fund V will be governed by a limited partnership agreement (“LPA”). Pursuant to the LPA, the management, control and operation of Fund V will be vested exclusively in the General Partner. Therefore, the General Partner will have full authority to undertake the business purpose of Fund V, which will consist of (i) making directly or indirectly through affiliates or other entities equity and equity-related investments in Latin America (or to a limited extent outside of Latin America); and (ii) managing, owning, supervising, selling and disposing of the investments. The limited partners will not participate in the management or control of Fund V. The LPA will contain certain investment restrictions that will be determined at the time Fund V is formed.

SCGM will serve as Fund V’s investment manager. At Fund V’s initial closing, Fund V, as provided for in the LPA, will enter into a Management and Advisory Agreement with SCGM pursuant to which Fund V will appoint SCGM to provide management and administrative services to Fund V and generally to manage the operations of Fund V, including to make all investment decisions for Fund V, except as otherwise determined by the General Partner, which will retain ultimate responsibility with respect to such matters involving any such authority.

Under certain circumstances, Fund V may decide to excuse certain limited partners from making capital contributions in respect of specific investments, and instead require them to contribute their otherwise due amounts in respect of specific investments outside of Fund V as co-investors, using alternative investment vehicles (“Alternative Investment Vehicles”). Governance of these Alternative Investment Vehicles will be entirely bestowed on the General Partner, or on one or more affiliates of the General Partner, and the investment decisions for the Alternative Investment Vehicles will be identical to those for Fund V. Pursuant to the Management and Advisory Agreement, SCGM will manage the operations of these Alternative Investment Vehicles.

SCGM will not have discretionary assets under management until Fund V’s initial closing. SCGM will not manage any client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Pursuant to the LPA, SCGM will receive an annual management fee to cover administrative, management, investment management, and supervisory services it provides to Fund V. Management fees are established in the LPA, pursuant to negotiations with the limited partners of Fund V. Generally, the annual management fees will be 2.0% of committed capital of Fund V, with a reduction at the end of Fund V's commitment period to an annual management fee of 1.5% of invested capital that has not been realized or written off, subject to certain caps and adjustments as set forth in the LPA.

Management fees will be payable on an estimated basis by Fund V quarterly in advance. The fees will be funded by capital calls to the investors and deducted from the investor's capital account in Fund V. Under certain circumstances, the estimate of management fees payable may result in an overpayment in which case the overpayment would reduce management fees for future periods. SCGM generally will not collect fees related to portfolio transactions or other services provided to portfolio companies, but to the extent any such fees were to be charged, all such fees are required to be offset against Fund V's management fee.

SCGM will employ the compensation received as management fees to (i) compensate the members of SCGM's investment committee (the "Investment Committee"), which will initially consist of Norberto Morita, Ricardo Rodriguez, Raúl Sotomayor, Horacio Reyser, Sebastian Villa, Diego Acevedo, Rodrigo Lowndes and Cesar Perez Barnes; and (ii) to retain the services of consulting and other services firms for the identification of investment opportunities, market research, investment assessment, board representation, bookkeeping and investor relation support, solely in relation to Fund V. These business consulting firms (the "Affiliate Consultants") are controlled by certain limited partners of SCGM, including Gonzalo Dulanto, Angel Uribe, Gonzalo Alende Serra, Marcos Mulcahy, Diego Stark, Carlos Valencia and Andrés Jacob (collectively with the Investment Committee members and certain other executives, "SC's Members").

Fund V will incur operating expenses, including legal, auditing and accounting expenses and transaction-related costs, and potentially could incur brokerage costs (see Item 12, Brokerage Practices). Fund V may also pay a performance-based fee which is described in Item 6, Performance-Based Fees and Side-By-Side Management. Fund V will pay Partnership Expenses, Investment Expenses and (subject to a cap set forth in the LPA) Offering and Organizational Expenses:

- "Partnership Expenses" of Fund V are generally all obligations, fees and expenses incurred by Fund V or obligations, fees and expenses otherwise incurred by the General Partner, SCGM or their respective affiliates in connection with the LPA or the activities of Fund V (other than General Partner Expenses and Investment Expenses (each as defined below) and the obligation of Fund V to pay the purchase price for any investment), including but not limited to (i) Offering and Organizational Expenses (as defined below) up to an amount equal to the threshold

set forth in the LPA, (ii) audit and tax return preparation fees and expenses of Fund V, (iii) all fees and expenses of Fund V directly related to the operations, administration and regulatory compliance of Fund V as set forth in the LPA, (iv) management fees payable to SCGM, and (v) fees and expenses incurred by Fund V and Fund V's allocable share of fees and expenses incurred by SCGM, the General Partner and their respective affiliates in connection with applicable regulatory compliance, registration and filing obligations under applicable U.S. and non-U.S. Law (including but not limited to Form PF, Form ADV and other applicable filing obligations under the Advisers Act, FATCA and other applicable tax law and the European Union Alternative Investment Fund Managers Directive).

- “Investment Expenses” of Fund V are generally (i) all costs and expenses incurred by or on behalf of Fund V in connection with the identification, investigation, acquisition, financing arrangements, management, ongoing activities, pledging, refinancing, restructuring, reinvestment and sale or other disposition of an investment, including but not limited to investment banking fees, consulting fees, professional fees, deal initiation expenses, travel expenses, the costs of any litigation, indemnification or extraordinary expense or liability in respect of an investment, and other out-of-pocket expenses incurred by the General Partner, to the extent not paid by the entity constituting the investment, which costs will be treated as a portion of the amount invested by Fund V in connection with such investment and (ii) all costs and expenses incurred by or on behalf of Fund V that are directly related to the identification, investigation, and possible acquisition and divestment of investments that are not consummated by Fund V.
- “Offering and Organizational Expenses” are generally all expenses of establishing and organizing Fund V and offering interests in Fund V, excluding placement fees but including (but not limited to) legal expenses, tax and accounting expenses, advisory and consultancy expenses, registration and filing fees, printing costs and travel expenses.

The General Partner or SCGM will be responsible for General Partner Expenses. “General Partner Expenses” are generally (i) expenses incurred by the General Partner or SCGM or their respective affiliates in monitoring investments after they have been made by Fund V, including any expenses payable to any external consultants in respect of investment management services that the General Partner has agreed to provide to Fund V pursuant to the LPA or SCGM has agreed to provide under the Management and Advisory Agreement, (ii) all other day-to-day expenses of the General Partner, including compensation of employees and other overhead expenses (including rent, utilities and similar items), (ii) placement fees payable by fund V, the General Partner, SCGM or their respective Affiliates incurred in connection with the offering of Limited Partner Interests and (iv) Offering and Organizational Expenses in excess of a cap set forth in LPA.

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

In addition to the management fee described above, the General Partner may receive a performance fee from Fund V, calculated as a share of the net profits of Fund V based on a percentage of such profits, which is established in negotiations with the limited partners of Fund V. The performance fee is charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940 (the “Advisers Act”). The performance fee is allocated to the capital account of the General Partner.

This performance fee is a typical feature of private equity funds and is commonly referred to as “carried interest.” The payment of the carried interest is set forth in the LPA and is generally 20% of net cash profits, but is only paid if cumulative distributions to the investors have exceeded the investor’s aggregate contributed capital plus a minimum defined investor return on that capital (known as a “preferred return”). In addition, the LPA contains a provision whereby, if the General Partner receives distributions of net cash profits in excess of 20% of such profits, the General Partner is obligated to return such excess to Fund V for distribution to limited partners.

The allocation of carried interest to the General Partner may create an incentive for the General Partner to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, this incentive may be tempered somewhat by the fact that losses will reduce Fund V’s performance and thus the General Partner’s carried interest. In addition, since carried interest is a distribution of net cash profits, the amount of carried interest distributed is not typically affected by any interim valuations made by the General Partner of the investment in respect of which a distribution is being made, although the amount of carried interest so distributed may be affected by a write-down or lack of a write-down of other investments. SCGM is not paid any carried interest or performance-based fee.

Item 7 – Types of Clients

SCGM will provide investment advice and portfolio management services solely to Fund V. The following types of institutions may invest in Fund V: sophisticated institutional investors, primarily public employee retirement and deferred compensation plans, corporate pension and profit sharing plans, family offices, university endowments, insurance companies, other pooled investment vehicles, municipalities, private investment funds, sovereign funds, insurance companies, charitable organizations, foundations, and other U.S. and international institutions. In addition, certain brokers, high net worth individuals, banks, trust companies, and investment advisers may be Fund V participants. Persons affiliated with SCGM and its affiliates may also invest in Fund V.

Fund V has a minimum investment requirement of \$25 million, which amount may be waived by the General Partner in its sole discretion. Investors in Fund V either must be “accredited investors” and “qualified clients” as defined under U.S. securities laws, or must be non-U.S. persons.

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

METHODS OF ANALYSIS & INVESTMENT STRATEGIES

SCGM will leverage the four pillars of its investment model to generate attractive returns by employing a value oriented and operationally focused investment strategy. The four pillars are: (i) operational value creation, (ii) active portfolio management, (iii) a regional approach to investing supported by strong local teams, and (iv) the ability to establish Southern Cross as a preferred partner to target businesses.

Operational Value Creation

SCGM will employ a bottom-up approach to identifying companies where significant value can be created through improved operations and strategic positioning. The investment team will work closely with portfolio company management to implement key initiatives aimed at increasing EBITDA, improving the attractiveness of cash flows and achieving sustainable market leading positions. As a result of this approach, many of Southern Cross' portfolio companies often become leaders in their respective markets, grow at above market rates and achieve significant company specific valuation expansion upon exit.

Active Portfolio Management

SCGM firmly believes that investment returns are maximized by active, hands on involvement in the management and governance of each portfolio company. As part of SCGM's active management approach, there will be substantial Partner-level involvement in every portfolio company in order to leverage the investment team's private equity experience and operating expertise to help companies to reach their full potential.

A Regional Approach to Investing Supported by Strong Local Teams

Southern Cross employs a regional approach to investing in Latin America and benefits from the largest footprint of local offices in the region, each of which is staffed with local professionals and led by senior Partners. Southern Cross capitalizes on its unique regional perspective by maintaining a highly collaborative culture that enables Southern Cross to draw upon the resources and expertise of team members from across Latin America. Southern Cross' collaborative culture and regional approach is further reinforced by the fact that investment professionals participate in a single carried interest pool, which aligns interests towards making the most attractive investments, regardless of geography and eliminates the incentive to invest in overvalued or excessively competitive markets.

Ability to Establish Southern Cross as a Preferred Partner to Target Businesses

Southern Cross has a long track record and strong reputation in Latin America as an excellent business partner and value creator. As a result, SCGM plans to be able to establish itself as a preferred partner to management teams and business owners,

providing Southern Cross with access to attractive investment opportunities on advantageous terms.

SCGM's investment process has four basic stages:

- Origination and preliminary evaluation
- Due diligence and strategy development
- Strategy execution
- Exit and value realization

Origination and Preliminary Evaluation

SCGM believes that Southern Cross' reputation will place it on the list of potential buyers for any group or individual that is selling a significant asset in Latin America. SCGM also expects to benefit from substantial deal flow resulting from the principals' extensive networks developed over the past 25+ years in Latin America. Once identified, opportunities will be subject to SCGM's disciplined screening process that establishes which investments warrant substantial commitment of additional time and resources. SCGM will focus exclusively on those opportunities where it believes it can leverage the principals' extensive transactional, operating, and turnaround experience to create or unlock significant value.

Due Diligence and Strategy Development

SCGM has the capacity to complete comprehensive due diligence under tight time constraints due to its vast network of industry experts and extensive transactional experience in the region. Southern Cross also has developed an ability to recognize opportunities to "unlock" value that may be obscured due to the complexities associated with a transaction or a company's poor operational and financial management. SCGM's disciplined evaluation process follows two separate but critical paths. The first path includes confirming historical performance, evaluating potential risks and developing an appropriate transaction structure. During the due diligence process, the principals will meet frequently to discuss the transaction and identify areas that require additional analysis or to modify the agreed upon due diligence approach. Certain principals will take the "lead" on any transaction with the remaining principals playing the role of "devil's advocate" or assisting in specific aspects of the transaction. The second path is a strategic review, which occurs simultaneously and includes a comprehensive analysis of the ways in which value can be created through improved operations and strategic direction.

Before closing a transaction, SCGM, along with management, will develop a detailed medium-term strategic plan as well as a short-term operational plan, designed to help each company reach its full potential in terms of profitability, growth and utilization of capital. Upon completion of due diligence and the development of a strategic plan, every transaction will be formally presented to the Investment Committee, which seeks to make all investment decisions unanimously.

Strategy Execution

SCGM believes that investment returns are maximized by intensive, hands-on management of portfolio companies and that strategic, financial and operating plans are only valuable if they are implemented, monitored and frequently updated. Although, from time to time, certain personnel affiliated with SCGM or the General Partner may take executive positions in portfolio companies for limited periods of time, SCGM does not intend to permanently manage the day-to-day operations of its portfolio companies; however, it plans to be actively involved in the business decisions that it believes are critical to generating significant incremental value. SCGM intends to be particularly active with Fund V's portfolio companies in the pre-closing period and during the first six to twelve months after its initial investment. While specific strategies are developed on a case-by-case basis, SCGM will consistently seek to:

- focus on managerial excellence;
- implement cost controls and operational improvements;
- identify opportunities to drive growth; and
- establish independent boards of directors.

Exit and Value Realization

SCGM aims to define a clear exit strategy prior to completing a transaction. Southern Cross has demonstrated its keen understanding of the exit environment in Latin America by successfully repositioning its portfolio companies and realizing significant value for its investors through (i) trade sales to strategic or financial buyers; (ii) initial or subsequent public offerings; and (iii) cash dividends/recapitalizations.

Temporary Investments

It is anticipated that cash held by Fund V will usually be temporarily invested in interest or non-interest bearing bank accounts, and on occasion will be invested in high quality short-term money market instruments, including Treasury bills, commercial paper, and money market accounts.

RISKS

PRIVATE EQUITY INVESTING INVOLVES RISK OF LOSS, INCLUDING RISK OF LOSS OF THE ENTIRE INVESTMENT THAT INVESTORS IN FUND V SHOULD BE PREPARED TO BEAR. NEITHER THE GENERAL PARTNER NOR SCGM CAN PROVIDE ASSURANCE THAT IT WILL BE ABLE TO CHOOSE, MAKE AND REALIZE INVESTMENTS IN ANY PARTICULAR COMPANY OR PORTFOLIO OF COMPANIES. THERE CAN BE NO ASSURANCE THAT FUND V WILL BE ABLE TO GENERATE RETURNS FOR ITS LIMITED PARTNERS OR THAT THE RETURNS WILL BE COMMENSURATE WITH THE RISKS OF INVESTING IN THE TYPES OF COMPANIES THAT FUND V WILL BE TARGETING. THERE CAN BE NO ASSURANCE THAT ANY LIMITED PARTNER WILL RECEIVE ANY DISTRIBUTION FROM FUND V. ACCORDINGLY, AN INVESTMENT IN FUND V SHOULD ONLY BE CONSIDERED BY

PERSONS THAT CAN AFFORD A LOSS OF THEIR ENTIRE INVESTMENT. PAST ACTIVITIES OF INVESTMENT ENTITIES ASSOCIATED WITH THE PRINCIPALS OR THEIR AFFILIATES PROVIDE NO ASSURANCE OF FUTURE SUCCESS.

The following list of risk factors does not purport to be a complete enumeration of the risks involved in an investment in Fund V. In addition, as Fund V's investment program develops and changes over time, an investment in Fund V may be subject to additional and different risk factors.

GENERAL RISKS

No Assurance of Investment Return; Possible Loss of Entire Investment

SCGM cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that Fund V will be able to generate returns for its limited partners or that the returns will be commensurate with the risks of investing in the types of companies described herein that Fund V will be targeting. There can be no assurance that any limited partner will receive any distribution from Fund V. Accordingly, an investment in Fund V should only be considered by persons that can afford a loss of their entire investment. Past activities of investment entities associated with the Principals or their affiliates provide no assurance of future success.

Economic Environment and Market Conditions

Economic uncertainty and unfavorable market conditions, including extreme volatility and illiquidity of certain investments, could materially adversely affect the investments made by Fund V. These factors are outside of Fund V's control and as a result, Fund V may not be able to manage its exposure to these conditions. A downturn or contraction in the economy or in certain industries or geographic regions, including Latin America, may restrict the availability of suitable investment opportunities for Fund V or negatively impact its ability to liquidate any such investments, each of which could prevent Fund V from meeting its performance objectives.

Market conditions could negatively impact the ability of the funds referenced herein to exit their existing or future investments, or the terms on which any such investments are disposed of, which could materially, negatively impact the investment performance of those funds.

Financial Market Developments May Adversely Affect Fund V's Access to Capital and its Overall Performance

A lack of available credit and lack of confidence in the financial markets could materially and adversely affect Fund V's investment returns or its access to capital. In connection with these events, Fund V's ability to borrow from financial institutions on favorable

terms or at all could be adversely affected by disruptions in the capital markets or other events.

Highly Competitive Market for Investment Opportunities Generally

The activity of identifying, completing and realizing attractive investments is highly competitive and involves a significant degree of uncertainty. Fund V will be competing for investments with many other investment vehicles, as well as individuals, financial institutions, investment managers, industrial groups, merchant banks and other institutional investors. Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur (resulting in larger funds and vehicles). There can be no assurance that Fund V will be able to locate, complete and exit investments that satisfy Fund V's objectives or realize the value of such investments.

Valuation of Fund Assets

For certain assets owned by Fund V, there is no, or only a limited, liquid market and the fair value of such assets may not be readily determinable. In addition, the information about the Latin American business environment which is used as parameters for valuations is generally limited in nature and requires the General Partner to use its best judgment in considering whether the information available should or should not be adjusted. There is no assurance that the value assigned to an investment at a certain time will accurately reflect the value that will be realized upon the eventual disposition of the investment. Inaccurate valuations may, among other things, (i) affect Fund V's track record; (ii) increase or reduce losses from write downs that must be returned prior to the General Partner receiving a carried interest in accordance with Fund V's limited partnership agreement; or (iii) give rise to higher management fees, in such cases in which the management fee calculation is affected by a write-down of the value of Fund V's assets. SCGM has adopted valuation policies aimed at reducing the potential inaccuracies and effects described above. Financial reporting that is compliant with GAAP is required to follow the requirements for valuation set forth in Accounting Standards Codification 820 ("ASC 820"), "Fair Value Measurements and Disclosures", which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. SCGM applies ASC 820 and other relevant Financial Accounting Standards Board ("FASB") statements and guidance to the valuation of Fund V's assets and liabilities. In particular, SCGM applies the ASC 820 requirement that the fair value of an asset must reflect any restrictions on the sale, transfer or redemption of such asset—a requirement which may result in the imposition of a discount when determining the fair values of assets that are subject to such restrictions. ASC 820 and other accounting rules applicable to investment funds and their assets are evolving and additional FASB statements and guidance and additional provisions of GAAP that may be adopted in the future may impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting. Such changes may adversely affect Fund V. For example, to

the extent that the rules governing the determination of the fair market value of assets change, such changes may increase the cost of fair market valuations.

Difficulty of Identifying Attractive Investments

The availability of investment opportunities generally will be subject to the prevailing regulatory or political climate in any given country, as well as to market conditions. In addition, the business of identifying and structuring investments of the types contemplated by Fund V is highly competitive and involves a high degree of uncertainty. Accordingly, there can be no assurance that Fund V will be able to identify and complete attractive investments in the future, or that it will be able to invest fully its committed capital.

INVESTMENT RISKS

Risk of Limited Number of Investments; Lack of Diversity

Pursuant to Fund V's investment policies, Fund V currently plans to invest primarily in companies based in Latin America. In addition, Fund V may invest up to 20% of the limited partners' capital commitments in non-Latin American issuers. Despite the General Partner's intent to diversify Fund V by investing in a variety of companies, Fund V may ultimately participate in a limited number of investments and, as a consequence, the aggregate return of Fund V may be substantially adversely affected by the unfavorable performance of even a single investment. Additionally, the limited partners can have no assurance as to the degree of diversification in Fund V's investments, either by region or industry. As a result, the value of Fund V's investments and its capital and profitability may be materially affected by a single adverse political or economic event in Latin America.

Risk of Controlling Interests in Portfolio Companies

Pursuant to Fund V's investment policies, Fund V is expected to have controlling interests in the majority of the portfolio companies in which it invests. Control over Fund V's portfolio companies may result in additional risks and potential liability for economic or other damages relating to the activities of the portfolio companies, including environmental liability, tax, labor, or pension liabilities, or liabilities to governmental regulators. Furthermore, unsupervised management of portfolio companies could take actions that could expose Fund V to potential liability and as a result Fund V could incur a significant loss.

Minority Investments

Fund V may invest in minority positions of companies, or otherwise in companies with respect to which Fund V will have no right to appoint senior management or otherwise exert sufficient influence to protect its position therein. In such cases, Fund V will be significantly reliant on the existing management and board of directors of such companies,

which may include representatives of other investors with whom Fund V is not affiliated and whose interests may conflict with the interests of Fund V.

Risks from Greenfield Opportunities

As part of SCGM's investment strategy, Fund V may make investments in development projects or greenfield opportunities. Development projects and acquisitions require SCGM to spend significant sums for engineering, permitting, legal, financial advisory and other expenses in preparation for competitive bids that it may not win or before it determines whether a development project is feasible, economically attractive or capable of being financed. These activities are anticipated to consume a portion of the Principals' focus and could increase Fund V's leverage or reduce its returns. In addition, the financing required to complete greenfield projects may not be available when needed and if it is not, Fund V may have to abandon these projects or invest more of its own funds, which may not be in line with Fund V's investment objectives and would leave less funds for other investments and development projects.

Risks from Buy-and-Build Opportunities

Fund V may make investments in start-up businesses or "buy-and-build" opportunities. Investments in less developed businesses may involve greater risks than generally are associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues and any such investment should be considered highly speculative and may result in the loss of Fund V's entire investment therein.

Investments in Restructurings

Fund V may make investments in portfolio companies that are in the process of restructuring in order to address actual or anticipated financial difficulties, which may be severe and may never be overcome. Fund V's involvement in such investments and the operations and restructuring of such portfolio companies could subject Fund V to additional liabilities. Such liabilities could exceed the value of the original investment therein in certain circumstances.

Investments in the Technology Sector

Fund V may invest in companies involved in the technology sector. Investments in the technology sector often have heightened risks due to rapidly changing market conditions, rapidly changing participants, frequent addition and turnover of and improvements to, competing products and services. If the technology sector as a whole declines, the returns on such investments may be adversely affected.

Investments in the Oil and Gas Sector

Fund V may invest some of its capital into companies involved in the exploration or production of oil or gas and those companies that provide products and services to oil and/or gas companies, such as drilling products and services, pipeline or transportation services or exploration or seismic technologies or services. Investments in companies directly or indirectly involved in the oil or gas sector often have heightened risks due to their dependence on the market prices for oil and natural gas. Such prices are historically volatile and subject to a variety of factors beyond Fund V's control, including the amount of domestic production; the level of imports; the market demand on a regional, national and worldwide basis; weather; competition from other sources of energy and variations in and the imposition of, governmental regulations upon the industry. Any substantial or extended decline in the price of oil or gas may have an adverse effect on the value of Fund V's investments in companies involved, directly or indirectly, in the oil or gas sector. The revenues and operating results of companies involved, directly or indirectly, in the oil or gas sector are also dependent on and subject to, the demand for and supply of, oil and gas, the availability of alternative energy sources, the success of development and drilling activities, the availability of equipment and personnel and state and local laws and regulations relating to the exploration for and the development, production and transportation of, oil and gas, which may be changed from time to time in response to economic or political conditions. Any of these factors may limit the amounts of oil and gas that companies can produce and the locations at which these companies can drill, thus reducing the returns to Fund V from investments in companies involved in the exploration or production of oil or gas, as well as companies that generate revenues from the provision of products and services to companies involved in the business of exploring for or producing oil or gas.

Unspecified Investments

Fund V has not identified any of its investments at this time. Investors must rely on the General Partner to make all portfolio investment decisions and will not have the opportunity to independently evaluate any investments.

Limited Liquidity

It is anticipated that there will be a significant period of time (approximately six years from inception) before Fund V will have completed its investments in portfolio companies. Such investments are expected by the General Partner to take from three to six years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Therefore, the General Partner anticipates a long time period between the initial capitalization of Fund V and the time when the limited partners may receive distributions, if any.

It is currently expected that Fund V will invest primarily in the equity securities of private companies. As a result, there generally will be limited or no marketability of Fund V's investments and such investments may decline in value while Fund V is seeking to dispose

of them. Furthermore, Fund V may find it necessary to sell investments at a discount or to sell over extended periods of time when disposing of its portfolio investments. Therefore, it is expected that Fund V's investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such investment will depend upon many factors beyond the control of the General Partner.

Investments Longer than Term

Fund V may invest in investments that may not be advantageously disposed of prior to the date that Fund V will be dissolved, either by expiration of Fund V's term or otherwise. Although the General Partner expects that investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, Fund V may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

RISKS OF INVESTING IN LATIN AMERICA

Investments in Latin America

The General Partner intends to make investments for Fund V primarily in a number of different countries in Latin America. Fund V's investments will be subject to the direct and indirect consequences of political, economic and social factors and other uncertainties, including the risks of expropriation, nationalization, renegotiation or nullification of existing contracts, changes in taxation policies, currency exchange restrictions and political instability in the countries in which it invests. Some of the countries in the region face varying degrees of social and political instability, have experienced high rates of inflation in recent years and have extensive external debt. Political changes or a deterioration of a country's domestic economy or balance of trade may indirectly affect Fund V's investment in a particular company in such country. It also may be difficult to obtain and enforce a judgment in a local court. Described herein are certain significant risks specific to these investments. In addition, in the case of investments in foreign assets, any fluctuation in currency exchange rates will affect the value of the investments. While the General Partner intends to manage its investments in a manner that will seek to minimize the exposure to such risks, there can be no assurance that adverse economic, political or social changes will not prevent Fund V from achieving its investment objectives.

The General Partner will analyze information with respect to political and economic environments and the particular legal and regulatory risks before making investments, but no assurance can be given that a given political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by Fund V.

Risks From the Economic Conditions in the Countries in which Fund V Invests

The vast majority of Fund V's portfolio companies are located in emerging markets and as a result, Fund V's investment returns are largely impacted by economic conditions in the countries in which those portfolio companies operate. Many of these countries have a history of economic instability. Fund V's results may be to a large extent dependent upon the overall level of economic activity and political and social stability in these emerging markets. Should economic conditions deteriorate in these countries or in emerging markets generally, Fund V's investment returns may be adversely affected.

Inflation in the Countries in which Fund V Invests

In the past, high levels of inflation have adversely affected the economies and financial markets of some of the countries in which Fund V invests and the ability of their governments to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. Future governmental economic measures, including interest rate increases, intervention in foreign exchange markets and actions to adjust or fix currency values, may trigger or exacerbate increases in inflation and consequently have an adverse impact on Fund V's returns.

Political/Sovereign Risk

Governments of some countries in Latin America have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest, such as energy and utility companies. The policies set by these companies could have a significant effect on economic and market conditions in some countries. Moreover, the economies of these countries generally 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. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. There is the possibility of nationalization, expropriation or confiscatory taxation, political changes, changed or increased government regulation, economic or social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of Fund V's investments in those countries.

In addition, the interdependence of economies in some Latin American countries has deepened over the years, with the effect that economic difficulties in one country often spread throughout the region. No assurance can be given that Fund V's portfolio will not be adversely affected by effects in countries outside of where investments are located.

Investment and Repatriation Restrictions

Some countries have laws and regulations that currently limit or preclude direct foreign investment or that may otherwise increase the costs and expenses of Fund V. Prior government approval for foreign investments may be required under certain circumstances and the process of obtaining these approvals may require a significant expenditure of time and resources. Repatriation of investment income, capital and the proceeds of sale by foreign investors may require governmental registration and approval in some countries.

Investments by Fund V may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. In addition, foreign governments from time to time impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities transfers or the imposition of exchange controls making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable for Fund V to distribute the amounts realized from an investment or may force Fund V to distribute investment proceeds other than in U.S. dollars and therefore a portion of the distribution may be made in foreign securities or currency.

Legal Framework and Corporate Governance

Laws and regulations of some countries may impose restrictions that would not exist in the United States, may lack certain protections provided by U.S. law or may not be fully or consistently enforced, particularly where the other party to a dispute with Fund V is a local resident or entity. In addition, many countries provide inadequate legal remedies for breaches of contract, including settling disputes with local partners with whom Fund V enters into joint ventures.

In addition, agreements affecting Fund V investments may be governed by the laws of countries in which the portfolio companies are located and may be subject to the jurisdiction of local courts or arbitral bodies. The enforceability of various agreements that are commonly enforced in developed countries may be subject to uncertainty in certain Latin American jurisdictions as a result of a variety of factors, including the lesser degree of experience of local courts or arbitral bodies with such agreements, differences between civil code and common law jurisprudence and procedure and unpredictability in the local legal system.

Currency Risk

Fund V's investments are likely to be denominated in local currency and income earned thereon will typically be paid in local currencies. Moreover, many of the portfolio companies in which Fund V invests will not generate U.S. dollar income but may have U.S. dollar obligations. While some countries and companies may benefit from a currency

devaluation and inflation, in the event of a significant local currency devaluation or suspension of convertibility the financial condition and results of operations of some portfolio companies in which Fund V invests may be significantly impaired and this in turn could adversely affect Fund V's investment performance and the ultimate rate of return realized by the limited partners. Fund V will maintain its books and intends to pay distributions in U.S. dollars. Accordingly, fluctuations in exchange rates between the U.S. dollar and the relevant local currencies will directly affect the value of Fund V's investments and the ultimate rate of return realized by limited partners. Several Latin American countries have had dramatic fluctuations in their currency exchange rates in the past, including large devaluations against the U.S. dollar. In addition, exchange controls have, from time to time, been implemented. There can be no assurances that there will not be a recurrence of such fluctuations or exchange controls in the currency exchange rates of any of the countries in which Fund V intends to invest. In addition, Fund V may incur costs or delays in connection with conversions between various currencies. The General Partner will evaluate the use of currency hedging arrangements to mitigate the risk of currency fluctuations and may cause Fund V to enter into such arrangements. To the extent Fund V decides to enter into hedging arrangements to mitigate this risk, there can be no assurance that such arrangements will be available, effective or sufficient to cover such risk. See also "Hedging Policies/Risks."

Quality of Financial Reporting

Financial reporting and financial information at the enterprise level is often not as reliable in the countries in which Fund V invests as can be expected in other more developed regions. Companies in various Latin American countries are subject to accounting, auditing and financial standards and requirements that differ, in some cases significantly, from those applicable under United States, European or international generally accepted accounting principles. While there is a trend toward improved financial reporting by companies and increased enforcement of statutes concerning financial and tax reporting, there can be no assurance that the financial information can be made as reliable as in other regions.

Non-U.S. Investments

Investing in non-U.S. companies involves certain factors not typically associated with investing in U.S. companies, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. dollar currencies in which Fund V's non-U.S. investments are denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (iii) the possible imposition of local taxes on income and gains recognized with respect to such investments.

Foreign Taxation

With respect to certain countries in Latin America, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of Fund V, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries and their associated risks are expected to change independently of each other.

PARTNERSHIP RISKS

Targeted Returns

SCGM generally bases a target IRR for any investment on its anticipated cash flows from the investment, use of leverage, an assumed holding period for the relevant investment and other factors, many of which are outside the control of SCGM or Fund V. Actual cash flows to Fund V will depend in part on factors outside the control of SCGM or Fund V, including factors that cannot be predicted with certainty such as general economic conditions, poor performance in the relevant industry sector, borrowing costs and the availability of attractive exit options and may vary considerably from the assumptions made in connection with the General Partner's investment decision. There can be no assurance that SCGM will correctly take into account all relevant factors in establishing the targeted returns for any investment, or that the assumptions will prove accurate over time. Past performance of Southern Cross should not be viewed as indicative of future results.

Third-Party Litigation Costs

Fund V's investment activities subject it to the risk of becoming involved in litigation by third parties with respect to a portfolio company. Such risk may be increased where Fund V exercises control of or significant influence on a portfolio company's business operations. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the officers or employees of the General Partner or SCGM, be borne by Fund V and could require investors to return to Fund V capital and earnings previously distributed by Fund V. SCGM, the General Partner and other related parties are entitled to indemnification by Fund V in connection with such litigation, subject to limited exceptions in the LPA.

Reliance on Management

Although many of the Principals have been working in association for over fifteen years, Fund V is in the process of being organized and, prior to Fund V's initial closing, will not yet have commenced operations and thus will have no operating history. Fund V is subject to many of the business risks and uncertainties associated with any new business,

including the risk that Fund V will not achieve its investment objective. Each of the General Partner and SCGM is also a new organization. While the individuals beneficially owning the General Partner and SCGM have extensive experience in originating, structuring, monitoring and disposing of investments of the type Fund V proposes to make, there can be no assurance of the success of such investments. The successful investment of Fund V's assets will depend upon the skills of the General Partner, SCGM and in particular Messrs. Norberto Morita, Ricardo Rodriguez, Raúl Sotomayor, Horacio Reyser and Sebastián Villa.

The loss of the services of any of these individuals could have a material adverse effect on Fund V, its ability to manage its investments and its prospects. The limited partners will not make decisions with respect to the acquisition, management, disposition or other realization of any investment or, except under certain limited circumstances, any other decisions regarding Fund V's business and affairs.

Portfolio Company Management Risks

Although SCGM will be responsible for monitoring the performance of each investment, each portfolio company's day-to-day operations will be the responsibility of such company's management team and Fund V may have limited or no control rights with respect to the day-to-day operations of the portfolio company. Some companies will depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would adversely affect their businesses.

Fund V Leverage

Fund V may utilize leverage to finance Fund V's investments. The use of leverage involves a high degree of financial risk and will increase the exposure of the investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investments. In addition, borrowings by Fund V may be secured by the capital commitments of the limited partners as well as by Fund V's assets. The possibility exists that Fund V may be forced to liquidate an investment in order to make interest or other payments in fulfillment of Fund V's obligations with respect to any borrowings made by Fund V.

Use of Leverage

Certain of Fund V's investments may be in companies that are highly leveraged. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Fund V's investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase the portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow

to meet debt obligations, Fund V may suffer a partial or total loss of capital invested in the portfolio company.

Hedging Policies/Risks

In connection with the financing of certain investments, Fund V may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while Fund V may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for Fund V than if it had not entered into such hedging transactions. See also "RISKS OF INVESTING IN LATIN AMERICA - Currency Risk."

Bridge Financings

From time to time, Fund V may lend to portfolio companies on a short-term, unsecured basis. Such bridge loans would typically be refinanced with a more permanent, long-term security; however, for reasons not always in Fund V's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by Fund V.

No Market for Limited Partnership Interests

Limited partners will not be permitted to transfer their interests without the prior written consent of the General Partner, which consent may be permitted or withheld in the General Partner's sole discretion. There is not and will not be a public market for the interests. Limited partners therefore will generally be unable to liquidate their investment in Fund V during the term of Fund V. The current term of Fund V is ten years from the date of the final closing, which term may be extended under certain circumstances as set forth in the LPA. Even upon liquidation, limited partners may receive securities that may not be resold without registration under, or exemption from, applicable securities laws.

Failure to Make Capital Contributions

If a limited partner fails to pay installments of its capital commitment, additional contributions may be required to be made by non-defaulting limited partners. In addition, if the contributions made by non-defaulting limited partners and borrowings by Fund V are inadequate to cover the defaulted capital contribution, Fund V may be unable to pay its obligations when due. As a result, Fund V may be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners). If a limited partner defaults, it may be subject to various remedies as provided in the LPA including, without limitation, reductions in its capital account balance and any other legal remedy that Fund V may have in respect of such default.

Risks Arising from Provision of Managerial Assistance

Fund V will seek the right to designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of Fund V to claims by a portfolio company, its security holders and its creditors. While the General Partner intends to manage Fund V in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Risks in Making Operating Improvements

In some cases, the success of Fund V's investment strategy will depend, in part, on the ability of Fund V to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements in portfolio companies entails a high degree of uncertainty. There can be no assurance that Fund V will be able to successfully identify and implement such restructuring programs and improvements.

Contingent Liabilities upon Disposition

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

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of the investments held by Fund V. Instability in the securities markets may also increase the risks inherent in Fund V's investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, which can be volatile.

Dilution from Subsequent Closings

Investors subscribing for interests after the initial closing will participate in existing investments of Fund V, diluting the interest of existing limited partners therein. Although each such investor will be required to pay its allocable portion of capital contributions for portfolio investments completed after the initial closing but prior to such investor's admission date (plus an additional amount to account for expenses) and interest thereon, there can be no assurance that this payment will reflect the fair value of Fund V's existing investments at the time such additional investors subscribe for interests.

Indemnification

Fund V will be required to indemnify the General Partner and its affiliates and their respective officers, directors, agents, stockholders, managing members, members, employees and partners for liabilities incurred in connection with the affairs of Fund V. Such liabilities may be material and may have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the members, managers or affiliates of the General Partner may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of Fund V would be payable from the assets of Fund V, including the unpaid capital commitments of the limited partners. If the assets of Fund V are insufficient, or if the indemnification obligation of Fund V arises after the term of Fund V, the General Partner under certain circumstances may recall a portion of the distributions previously made to the limited partners.

Loss of Limited Liability

Although the LPA provides that limited partners will have no right to participate in the management of Fund V or to make any decisions with respect to the investments to be made by Fund V, limited partners may lose their limited liability protections under the *Limited Partnerships Act* (Ontario), as amended, which is the statute under which Fund V has been formed, in certain circumstances. Such Act provides that a limited partner of a partnership may lose the protection of his, her or its limited liability and be liable as a general partner if (i) in addition to exercising rights and powers as a limited partner, the limited partner takes part in the control of the business of the partnership; or (ii) the surname or a distinctive part of the corporate name of the limited partner appears in the name of the partnership unless it is also the surname or distinctive part of the corporate name of one of the general partners of the partnership. In addition, if the record of limited partners of the partnership contains a false or misleading statement, any person suffering a loss as a result of relying upon the statement may hold liable, among other persons, every limited partner of the partnership who became aware that the statement was false or misleading and failed within a reasonable time to take steps to cause the record of limited partners to be corrected.

Although the provisions of the LPA state that no limited partner shall take part in the control of the business of Fund V, whether a limited partner, in exercising its rights under the LPA or otherwise, is thereby taking part in the control of the business of Fund V (albeit not contemplated by the LPA) will be a question in fact under the law of Ontario, Canada.

The estate of a deceased limited partner is liable for all of the liabilities of the limited partner as a limited partner.

Liability for Return of Distributions

Generally, the limited partners do not have personal liability for the obligations of Fund V so long as they do not lose limited liability as discussed above in “Loss of Limited

Liability". A limited partner will, however, be liable to Fund V for the difference, if any, between the value of money and other property that such limited partner actually contributes to Fund V (being its capital contribution as described in the LPA) and the value of money or other property as stated in the record of the limited partners of Fund V, required to be maintained under the *Limited Partnerships Act* (Ontario), as being contributed or to be contributed by the limited partner to Fund V (such amount to be shown being the capital commitment of the limited partner described in the LPA).

In addition, where the limited partner has received the return of all or part of his, her or its capital contribution, the limited partner is nevertheless liable to Fund V or, where Fund V is dissolved, to its creditors, for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of Fund V to all creditors who extended credit or whose claims otherwise arose before the return of the capital contribution. Under the *Limited Partnerships Act* (Ontario), a limited partner would also hold as trustee for Fund V (i) specific property, if any, stated in the LPA as contributed by the limited partner, but which has not in fact been contributed or which has been returned contrary to such Act and (ii) money or other property paid or conveyed to the limited partner on account of the limited partner's capital contribution contrary to such Act.

Potential investors should be aware that the LPA requires investors in Fund V to return to Fund V distributions they previously received that represent a return to investors of their capital contributions and amounts necessary to satisfy claims against Fund V, subject to certain limitations.

TAX RISKS

In judging whether to invest in Fund V, a prospective investor should consider the tax consequences thereof which include, among others, (a) the possibility that Fund V may generate taxable income to the partners in an amount greater than cash available for distribution, (b) the possibility of adverse changes in the relevant tax laws and (c) passive foreign investment company considerations.

Taxation of Carried Interest

At various points over the past few years, legislation has been introduced in the U.S. Congress that, if enacted, would increase the U.S. Federal income tax liability of individual recipients of Fund V's carried interest. Although never passed, such legislation is still debated from time to time. It is not certain whether such legislation, or any other legislation that negatively impacts the tax treatment afforded to recipients of carried interest, will be enacted. The LPA allows the General Partner to amend the LPA to take into account any changes in legislation relating to the taxation of income of the General Partner provided that no such amendment will be effective without a limited partner's consent if such amendment would adversely affect the rights and/or obligations of such limited partner with respect to the capital contributions, allocations of income or loss and distributions under the LPA. Any actions taken by the General Partner to address changes in legislation relating to the taxation of the income of the General Partner could be

distracting to the General Partner and could require significant time and attention from the Principals and other individuals responsible for the investment activities of Fund V. In addition, any changes in legislation relating to the taxation of the income of the General Partner could make it more difficult for the General Partner to retain or attract individuals to manage the investment activities of Fund V.

Taxation in Certain Jurisdictions

Fund V or the limited partners may be subject to income or other tax in the jurisdictions in which investments are made or in which vehicles are formed through which its investments are realized. Additionally, withholding tax or branch tax may be imposed on earnings of Fund V from investments in such jurisdictions. Local and other tax incurred in non-U.S. jurisdictions by Fund V or vehicles through which it invests may not be creditable to or deductible by a limited partner under the tax laws of the jurisdiction where such limited partner resides, including the United States.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AND COUNSEL WITH RESPECT TO ALL TAX ASPECTS OF THE PURCHASE AND OWNERSHIP OF INTERESTS.

ERISA RISKS

There can be no assurance that the General Partner has structured, or can structure, Fund V to adequately address any issues that may arise for pension, profit-sharing or other employee benefit plans ("ERISA Plans") that may invest in Fund V. Fiduciaries of ERISA Plans considering investing in Fund V should make their own determinations as to the prudence of an investment in Fund V in light of the high risk investments that Fund V intends to make and the limitations on the marketability of interests. In considering an investment in Fund V, the fiduciaries of an ERISA Plan should carefully review the plan documents and other facts and circumstances applicable to that plan to make certain that they have the authority to make an investment in Fund V under the appropriate plan investment policies and governing instruments and under Title I of ERISA. An investment in Fund V by an ERISA Plan or arrangement subject to Section 4975 of the Code ("IRC Plans") could violate (i) ERISA requirements regarding control over or responsibility for "plan assets", (ii) prohibitions in ERISA and the Code relating to an ERISA Plan or an IRC Plan engaging in certain "prohibited transactions", and (iii) other provisions in ERISA dealing with "plan assets". Violation of these requirements could result in liability for breach of fiduciary duty, disqualification from future fiduciary service, excise taxes and other adverse consequences to the ERISA Plan fiduciaries.

REGULATORY RISKS

Other Regulatory Concerns

The General Partner believes that the nature of Fund V will not subject it to the registration requirements of the U.S. Investment Company Act of 1940, as amended (the

“Investment Company Act”). However, there can be no assurance that Fund V will not be subject to the registration requirements of the Investment Company Act in the future. The performance of Fund V’s investment portfolio could be materially adversely affected and risks involved in financing developing companies could substantially increase, if Fund V or the General Partner becomes subject to the compliance requirements of the Investment Company Act. Neither Fund V nor its counsel can assure investors that, under certain conditions, changing circumstances or changes in the law, Fund V may not become subject to the Investment Company Act or similar law in the future.

SCGM is registered as an investment adviser under the Advisers Act and accordingly is subject to the regulations promulgated thereunder. As a registered investment adviser under the Advisers Act, SCGM is required to comply with a variety of periodic reporting and compliance-related obligations under applicable U.S. securities laws, including filing an annual Form ADV with the SEC. If SCGM fails to comply with such regulations, then it could be subject to sanctions by the SEC.

Enhanced Scrutiny and Regulation of Private Investment Funds

Both Fund V’s ability to achieve its investment objectives and conduct its operations are dependent upon laws and regulations that are subject to change through legislative, judicial or administrative action. As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act and regulations promulgated pursuant thereto, there has been an increase in governmental scrutiny and regulation of the private equity industry and it is possible that such scrutiny or regulation could adversely impact Fund V’s ability to achieve its objectives or operate its business. A combination of scrutiny of the companies operating in the asset management space and their investments by politicians, regulators and commentators along with a public perception that this industry contributed to the most recent downturn in the U.S. and global financial market may complicate Fund V’s efforts to consummate investments. Therefore, Fund V may invest in fewer transactions or incur greater expenses or delays in completion of investments than would otherwise be the case. Additionally, any further increases in the regulations applicable to private investment funds generally and/or registered investment advisers in particular may result in increased expenses associated with Fund V’s activities and may require additional resources of SCGM to be directed to such regulatory reporting and compliance-related obligations, which could adversely impact Fund V’s ability to achieve its investment objectives.

Alternative Investment Fund Managers Directive (“AIFMD”)

The AIFMD came into effect in July 2013 in the European Economic Area (“EEA”). The AIFMD applies to (i) alternative investment fund managers established in the EEA that manage EEA or non-EEA alternative investment funds, and (ii) non-EEA alternative investment fund managers that (x) manage EEA alternative investment funds or (y) market their non-EEA alternative investment funds within the EEA. If Fund V is marketed to EEA investors within the meaning of the AIFMD and the national laws, rules and

regulations implementing the AIFMD in the EEA states, SCGM may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in Fund V incurring costs and expenses in addition to those specifically addressed herein and in the LPA. The AIFMD may also restrict or prohibit the marketing of non-EEA funds to investors based in the EEA, which may make it more difficult for Fund V to raise its targeted amount of capital commitments. Any offering of interests in Fund V to EEA investors will be made in accordance with the AIFMD, if applicable, and such implementing laws, rules and regulations.

FCPA Considerations

SCGM and its affiliates are committed to complying with the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws, antibribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, Fund V may be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for Fund V to act successfully on investment opportunities and for portfolio companies to obtain or retain business. In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While SCGM has developed and implemented policies and procedures designed to ensure compliance with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of such policies and procedures, affiliates of portfolio companies, particularly in cases where Fund V or another affiliated fund or vehicle does not control such portfolio company, may engage in activities that could result in FCPA violations. Any determination that Fund V or its affiliates have violated the FCPA or other applicable anticorruption laws or anti-bribery laws could subject them to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect Fund V’s ability to achieve its investment objective and/or conduct its operations.

The foregoing list of risk factors does not purport to be a complete enumeration of the risks involved in an investment in Fund V. Prospective investors should read this entire document and the Confidential Private Placement Memorandum of Fund V and consult with their own advisers before deciding whether to invest in Fund V. In addition, as Fund V’s investment program develops and changes over time, an investment in Fund V may be subject to additional and different risk factors.

POTENTIAL CONFLICTS OF INTEREST

CERTAIN FACTORS MAY GIVE RISE TO CONFLICTS OF INTEREST BETWEEN THE GENERAL PARTNER AND ITS AFFILIATES, ON THE ONE HAND, AND THE LIMITED PARTNERS, ON THE OTHER HAND.

The discussion below enumerates certain actual and potential conflicts of interest. By acquiring an interest in Fund V, each limited partner will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have consented thereto.

Fund V

Fund V may be subject to certain conflicts of interest arising out of its relationship with the General Partner and its affiliates, including Fund I, Fund II, Fund III, Fund IV and other investment funds controlled by affiliates of the General Partner. Certain provisions of the LPA are designed to protect the interests of the limited partners in situations where conflicts may exist and the advisory committee of Fund V will be consulted on transactions involving conflicts of interest, although these provisions do not eliminate such conflicts of interest. The agreements and arrangements among Fund V, the General Partner, SCGM and their respective affiliates, including those related to compensation, have been established by the General Partner and are not the result of arm's-length negotiations.

The General Partner will attempt to resolve any conflicts of interest by exercising the good faith required of a fiduciary. Fund V believes that it generally will be able to resolve any conflicts on an equitable basis, although it is possible that potential conflicts may not be resolved in favor of Fund V.

General Partner's Carried Interest

Instances may arise where the interests of the General Partner may potentially or actually conflict with the interests of Fund V and the limited partners. For example, the existence of the General Partner's 20% carried interest may create an incentive for the General Partner to make more speculative investments on behalf of Fund V than it would otherwise make in the absence of such performance-based arrangement.

Activities of the Principals

During the investment period, it is anticipated that the Principals will devote a majority of their business time and attention to the affairs of Fund V and the business of the General Partner and its affiliates. However, the Principals will have other business interests, including serving as directors of other public or private companies and as managing members or directors of the general partners or managing companies of Fund I, Fund II, Fund III and Fund IV. Conflicts may arise as a result of these activities. The possibility exists that such companies could engage in transactions that would be suitable for Fund V,

but in which Fund V is not offered the opportunity to invest. For example, Fund IV is not fully invested at this time and the Principals are not obligated to allow Fund V to invest in any future opportunity presented to Fund IV. Fund IV and Fund V may also co-invest in one or more future opportunities. Although the Principals are committed to the success of Fund V, there can be no assurance that the affairs of Fund V will receive the undivided attention of the Principals at all times.

Material, Non-Public Information

By reason of their responsibilities in connection with their other activities, certain SCGM personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Fund V will not be free to act upon any such information. Due to these restrictions, Fund V may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Diverse Limited Partner Group

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

Co-Investment Policy

Fund V may co-invest with third parties through joint ventures or otherwise. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial difficulties, resulting in a negative impact on such investment or resulting in additional capital to be invested by Fund V, may have economic or business interests or goals that are inconsistent with those of Fund V, or may be in a position to take (or block) action in a manner contrary to Fund V's investment objectives. In addition, Fund V may in certain circumstances be liable for the actions of its third-party co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

While Fund V intends to seek management participation in target portfolio companies, Fund V may make minority equity investments in portfolio companies where Fund V may not be able to control or influence effectively the business, management, strategy or affairs

of such entities. Although Fund V may co-invest in a portfolio company with financial, strategic or other third parties (including local partners) and in doing so will seek to protect its interests, such investments will involve additional risks not present in investments where a third party is not involved, including the possibility that the co-investor may have interests which are inconsistent with those of Fund V.

Retention of Executives by Portfolio Companies

Under certain circumstances, including during a period when a portfolio company is in need of a temporary or interim chief executive officer, chief operating officer or chief financial officer, an individual associated with the General Partner or SCGM may serve in an executive capacity at any such portfolio company for a period of time and receive a salary or other compensation from such portfolio company. Fund V will indirectly bear a portion of such compensation to the extent of its ownership interest in such portfolio companies.

Legal Representation

Chadbourn & Parke LLP (“Chadbourn”) represents the General Partner, SCGM and their affiliates, including Fund V, from time to time in a variety of different matters. Chadbourn does not represent the limited partners in connection with matters relating to Fund V or its investments. Chadbourn represents the General Partner and SCGM, including with respect to their role in relation to Fund V. It is not anticipated that, in connection with the organization or operation of Fund V, the General Partner or SCGM will have Fund V engage counsel separate from counsel to the General Partner or SCGM. Furthermore, in the event a conflict of interest or dispute arises between the General Partner and SCGM, on the one hand and Fund V and the limited partners, on the other hand, it will be accepted that counsel to the General Partner and SCGM is not counsel to Fund V or the limited partners, notwithstanding the fact that, in certain cases, such counsel’s fees are paid through or by Fund V (and therefore in effect by the limited partners).

Documents relating to Fund V, including this document, will be detailed and often technical in nature. Chadbourn has represented the interests of Fund V, the General Partner and SCGM (and not the limited partners) in connection with the formation of Fund V and the offering of interests therein and will not represent the interests of the limited partners in the organization and operation of Fund V. Accordingly, each limited partner is advised to consult with its own legal counsel before investing in Fund V.

CERTAIN REGULATORY CONSIDERATIONS

U.S. Securities Laws

The offer and sale of the interests have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any U.S. state, and the interests have not been and are not expected to be registered under the securities laws of any other country or any other jurisdiction. The interests will be offered

and sold outside of the United States to non U.S. persons in offshore transactions pursuant to Regulation S under the Securities Act, and in the United States in a private placement to a limited number of investors in reliance on an exemption provided by Section 4(a)(2) of the Securities Act and/or Regulation D, promulgated thereunder. Unless approved by the General Partner, each potential investor must be an “accredited investor” (as defined in Regulation D promulgated under the Securities Act) and a “qualified client” (as defined under the Investment Advisers Act of 1940, as amended). In order to establish compliance with such exemptions, each investor must furnish certain information to Fund V and represent, among other customary private placement representations, that it is acquiring interests for investment purposes and not with a view towards resale or distribution.

U.S. Investment Company Act of 1940

Fund V is expected to be exempt from registration under the Investment Company Act in reliance upon Section 3(c)(1) thereof. Section 3(c)(1) of the Investment Company Act generally exempts from registration any non U.S. issuer whose outstanding securities are beneficially owned by non U.S. residents and not more than one hundred persons (as defined in Section 3(c)(1)) who are U.S. residents meeting certain conditions. Investors’ subscription agreements and the LPA will contain representations and restrictions on transfer designed to ensure that these conditions will be met.

U.S. Commodity Exchange Act

The General Partner is not registered and believes that it is not otherwise regulated as a commodity pool operator under rules issued by the Commodity Futures Trading Commission (“CFTC”). Accordingly, the General Partner believes that it generally is not subject to certain restrictions, disclosure requirements and other obligations applicable to registered or unregistered commodity pool operators under CFTC rules, although the General Partner may become subject to such restrictions, requirements and obligations in the future.

Item 9 – Disciplinary Information

On July 13, 2011, the Superintendencia de Valores y Seguros of the Republic of Chile (the “SVS”) filed administrative charges against members of La Polar’s former management; La Polar’s former external auditors, PricewaterhouseCoopers; and all individuals who sat on La Polar’s board between 2007 and 2011, including Raúl Sotomayor and Norberto Morita.

The SVS imposed fines against such parties on March 9, 2012, including a fine of 2,000 UF (approximately \$92,000) on Mr. Sotomayor and a fine of 1,500 UF (approximately \$70,000) on Mr. Morita. While the SVS made clear that no member of the board (other than former La Polar management) had any knowledge or involvement in the alleged wrongdoings, it based its decision to fine all 10 non-management board members on an alleged failure to exercise a duty of care. The SVS made a finding that Mr. Sotomayor did not comply with the duty of care that articles 39 and 41 of the Chilean Corporations Law impose on directors of stock corporations, and did not comply with the duties imposed by

article 50 bis of the Chilean Corporations Law on the members of the directors committee. The SVS made a finding that Mr. Morita did not comply with the duty of care that articles 39 and 41 of the Chilean Corporations Law impose on directors of stock corporations.

On March 27, 2012, Mr. Sotomayor and Mr. Morita each filed an appeal of the SVS decision to the Civil Tribunals of Santiago, Republic of Chile. In order to file the appeals, Mr. Sotomayor and Mr. Morita were required to pay 25% of the respective fines imposed against them, which they did on March 27, 2012.

With respect to Mr. Sotomayor, the lower court issued its final award on June 12, 2014 upholding the decision of the SVS. Mr. Sotomayor filed an appeal motion and a procedural nullity motion against such award on July 27, 2014. Such motions are still pending to be ruled by the Court of Appeals of Santiago.

With respect to Mr. Morita, the lower court issued its final award on September 5, 2014 upholding the decision of the SVS. Mr. Morita filed an appeal motion and a procedural nullity motion against such award on September 26, 2014. Such motions are still pending to be ruled by the Court of Appeals of Santiago.

Item 10 – Other Financial Industry Activities and Affiliations

The General Partner is an affiliate of SCGM.

As described in Item 5 above, SC's Members control the Affiliate Consultants, which are retained by SCGM for the identification of investment opportunities, market research, investment assessment, board representation, bookkeeping and investor relation support, solely in relation to Fund V and the portfolio companies in which Fund V invests.

As described in Item 4 above, SCCM is the adviser to Funds I and II and SCM is the adviser to Funds III and IV. SCM and SCCM are under common control and the owners of SCM and SCCM also will own a significant portion of SCGM after the initial closing of Fund V. The investment periods for Funds I, II and III have expired, so that Funds I, II and III are not seeking new investments, and Funds I, II and III have a limited number of outstanding investments. Fund IV has a number of outstanding investments and may make additional investments.

Item 11 – Code of Ethics

Employee Conflicts:

In accordance with Rule 204A-1 of the Advisers Act, SCGM maintains a Code of Ethics. The Code of Ethics sets forth a standard of conduct expected of the Principals and SC's Members, as well as the employees of the Affiliate Consultants, and addresses certain other matters including the misuse of nonpublic information, insider trading, personal trading activity and political contributions. Certain employees are also required to provide information concerning their personal securities investment activities. This information is

reviewed by SCGM to determine if an employee's personal trading activity is inconsistent with the employee's duties to SCGM, or the interests of Fund V's investors. The Code of Ethics reminds employees of their obligations to clients and their obligations to comply with federal securities laws. Each employee is required to acknowledge receipt of the Code of Ethics and certify compliance on an annual basis. A copy of the Code of Ethics is available to Fund V's investors upon request.

SC's Members invest in Fund V as limited partners individually or through investment vehicles affiliated to them. The individuals and the investment vehicles affiliated to SC's Members have the exact same treatment in their capacity as limited partners as their peer limited partners (i.e., they are charged Management Fees and Carried Interest); notwithstanding this, they are excluded for the purposes of voting certain matters.

Advisory Conflicts:

SCGM may consider the same investment opportunity for more than one Southern Cross fund as part of a single transaction or otherwise. Any such investment is allocated among such funds in a fair and equitable basis, taking into account, among other things, the make-up of the investment portfolio of each fund, the amount of cash available to each fund for investment and anticipated needs for cash by each fund.

Item 12 – Brokerage Practices

SCGM provides investment advice to Fund V on a discretionary basis. Investments that SCGM makes are generally investments in private companies or purchases in private placements, as opposed to publicly traded securities, and therefore do not involve brokers of publicly traded securities. SCGM generally does not use brokers of publicly traded securities for any transaction, but if such a broker is used, it is selected on a number of factors including price and quality of execution services. Soft dollars arrangements are not utilized.

Item 13 – Review of Accounts

The Principals or members of the Investment Committee review the investment portfolio with Fund V's investors on an annual basis. Additionally, certain of the Principals or members of the Investment Committee (i) offer to participate on conference calls with investors following the end of the first three fiscal quarters of each calendar year and (ii) meet twice a year with Fund V's advisory committee. It is the intent of SCGM to meet with investors in Fund V at least once a year. The Principals and SC's Members are available to meet with investors more frequently if desired.

Reviews do not take place in accordance with any particular sequence unless requested by investors. Matters reviewed include investment commitments and the investment environment. The performance of Fund V and Fund V's investment portfolio are also discussed. Emphasis is placed on new investments, deal flow, investment pace, the

development of Fund V's portfolio, cash flow activity, and the state of the private equity industry. Performance metrics, including internal rates of return, are also reviewed.

On an annual basis, the investors in Fund V are provided a detailed review of the portfolio, including valuations of investments, a description of investment performance, and an accounting of limited partnership interests. In addition, financial statements for each fiscal year are audited by an independent certified public accounting firm of nationally recognized standing. On a quarterly basis, the investors in Fund V are provided a summary review of the portfolio and statement of accounts.

Item 14 – Client Referrals and Other Compensation

SCGM and/or its affiliates have arrangements under which they pay third parties to solicit potential investors. SCGM and/or its affiliates compensate these placement agents, generally based on a percentage of the amount committed to Fund V by the investors.

SCGM's affiliates have retained Stanwich Advisors, LLC ("Stanwich"), a registered broker based in Stamford, Connecticut, to solicit certain Fund V investors. For its placement agent services SCGM pays Stanwich fees based on the amount committed to Fund V by the investors.

Item 15 – Custody

SCGM or the General Partner may be deemed to have custody of Fund V's assets.

Fund V will have operating cash balances deposited with qualified custodians, which are Deutsche Bank (Cayman) Limited, an affiliate of Deutsche Bank Americas N.A.; Citibank N.A.; and Quilvest Switzerland Ltd. To the extent Fund V will have certificated securities of portfolio companies, the securities will be maintained with the same qualified custodians. Most of Fund V's securities are expected to be uncertificated and are not required to be maintained with a custodian.

Item 16 – Investment Discretion

As described in Item 5, SCGM provides advice to Fund V on a discretionary basis. The LPA for Fund V sets forth any investment restrictions on the discretion of the General Partner, which restrictions apply to SCGM.

Item 17 – Voting Client Securities

In accordance with Rule 206(4)-6 of the Advisers Act, SCGM has adopted Proxy Voting Policies and Procedures to address how SCGM will vote proxies on behalf of Fund V, on the rare occasions when a Fund portfolio company holds a proxy vote. The policy is designed to ensure that proxies are voted in the best interest of Fund V, including when there may be material conflicts of interest in voting proxies. A Fund investor upon request may

obtain from SCGM a copy of SCGM's Proxy Voting Policies and Procedures and information about how SCGM voted proxies.

It is anticipated that in substantially all of its investments, Fund V will appoint the majority of the board members and the management team.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. SCGM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. SCGM does not require or solicit prepayment of fees six months or more in advance.