

March 31, 2017

Paxion Partners, LP
Part 2A of Form ADV
The Brochure

2494 Sand Hill Road
Menlo Park, CA 94025
Tel: 650-446-7850

This brochure provides information about the qualifications and business practices of Paxion Partners, LP (“Paxion”). If you have any questions about the contents of this brochure, please contact Zachary W. Hulsey at 650-446-7869. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Paxion is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Paxion is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

Not applicable.

Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes	2
Item 3: Table of Contents.....	2
Item 4: Advisory Business	2
Item 5: Fees and Compensation	3
Item 6: Performance Based Fees and Side-by-Side Management.....	5
Item 7: Types of Clients.....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9: Disciplinary Information	20
Item 10: Other Financial Industry Activities and Affiliations.....	20
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	23
Item 12: Brokerage Practices	24
Item 13: Review of Accounts.....	24
Item 14: Client Referrals and Other Compensation	24
Item 15: Custody.....	24
Item 16: Investment Discretion.....	24
Item 17: Voting Client Securities.....	25
Item 18: Financial Information	23

Item 4: Advisory Business

Paxion is an investment manager formed under the laws of the state of Delaware as a limited partnership on May 11, 2015. Paxion is controlled by its general partner, Paxion Capital GP, LLC, a Delaware limited liability company, which in turn is controlled by its members, James A. Davidson, Michael E. Marks, and Fritz H. Wolff. Paxion is approximately 85% owned by James A. Davidson, Michael E. Marks, and Fritz H. Wolff (the “Founders”), each of whom is a limited partner (directly or through an affiliate) of Paxion as of December 31, 2016.

Paxion serves as investment adviser and primarily provides discretionary advisory services to Paxion Capital, LP, a Delaware limited partnership (“Paxion Capital”), but may from time to time provide similar services to one or more other private funds (collectively, the “Funds”). Paxion Capital is a private pooled investment vehicle created to invest the assets of the Founders alongside the assets of a small number of friends and colleagues invited by the Founders to invest in Paxion Capital as limited partners.

Paxion Capital is organized as a Delaware limited partnership, and Paxion expects the Funds in general to be organized as Delaware limited partnerships and to be controlled by Paxion or a general partner that is an affiliate of Paxion. Any such general partner is ultimately responsible for the management and conduct of the activities of such Fund.

Paxion or the general partners of certain Funds may establish feeder funds, alternative investment funds, parallel funds or other investment vehicles to address tax, regulatory or other concerns of certain existing or prospective limited partners of a Fund (the “Limited Partners”). In addition, if the general partner of a Fund elects to make co-investment opportunities available to Limited Partners, the general partner may establish a co-investment fund to facilitate such co-investments, the terms of which may differ from the applicable Fund.

As of December 31, 2016, Paxion managed a single fund, Paxion Capital with \$882,302,032 in regulatory assets under management on a discretionary basis.

Item 5: Fees and Compensation

Management Fees

Paxion expects each of the Funds to pay Paxion an annual management fee (the “Management Fee”) in accordance with such Fund’s organization documents and/or management agreement (its “Fund Agreement”). The Management Fee for Paxion Capital is payable to Paxion in quarterly installments in advance and may be paid on an estimated basis, subject to adjustment, if the amount cannot be calculated at the beginning of a calendar quarter. The Management Fee will be calculated with respect to each Limited Partner in accordance with the respective Fund’s Fund Agreement.

Until the date by which certain initial capital commitments by the Limited Partners are required to be satisfied, Paxion charges Paxion Capital a Management Fee of 1.5% per annum of the number of Units owned by each Limited Partner multiplied by \$1. Thereafter, Paxion charges

Paxion Capital a Management Fee of 1.5% per annum of the net asset value of the Units held by Limited Partners. In some cases, Units in Paxion Capital are issued for commitments to make future contributions, and in other cases they are issued for contributions. The Fund Agreement for Paxion Capital generally permits Paxion, in its discretion, to waive all or a portion of the Management Fee in respect of any Limited Partner, and the recipients of such waivers may achieve higher returns as a result.

Allocation of Fees and Expenses

Each Limited Partner is responsible for its pro rata share of the organizational expenses of Paxion Capital.

Paxion Capital (and each Fund which may in the future be formed by Paxion) is responsible for its allocable expenses including, but not limited to, the following:

- (a) All third-party charges and out-of-pocket costs and expenses (collectively, “Formation Expenses”) incurred in connection with the formation of the Fund, subsidiaries and the general partner, the offering of interests in the Fund and the admission of Limited Partners to the Fund, excluding the costs of any placement agents.
- (b) All third party charges and out-of-pocket costs and expenses incurred by Paxion or any affiliate of Paxion that are related to the Fund’s operations, as set forth in each Fund Agreement.
- (c) Direct and indirect costs of Paxion and its affiliates, as set forth in each Fund Agreement.

Detailed information regarding the fees charged to Paxion Capital is provided in the Fund Agreement.

Item 6: Performance Based Fees and Side-by-Side Management

Paxion Capital has agreed to pay Paxion a performance distribution calculated on a lot-by-lot basis of 5% of the lot’s annual profits after recovery of losses after any prior payment of the performance distribution. Paxion may receive performance-based fees from other Funds and/or certain investments by certain Funds, and persons affiliated with Paxion may be entitled to receive a portion of the management fees and carried interest attributable to certain investments by Funds if and to the extent authorized in the applicable Fund Agreements. Such performance-based compensation is generally in addition to the applicable investment management fee. Performance-based compensation creates a financial incentive for Paxion (i) to invest in investments that may not be appropriate for a particular fund to generate potentially higher returns and higher performance-based compensation, and (ii) to allocate more time and resources to such Funds or clients based on the performance-based compensation they have agreed to pay.

Item 7: Types of Clients

Paxion provides discretionary investment advisory services to Paxion Capital and potentially to

other Funds as well. Minimum investment criteria for Paxion Capital (as well as for any future Fund advised by Paxion) are detailed in the applicable Fund offering documents.

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

Paxion seeks to assess and structure investments by Paxion Capital to maximize after-tax wealth creation for its investors. Paxion's investment activities emphasize tax optimization (both income and estate) and preservation of purchasing power over time. Paxion's investment strategy and services for Paxion Capital and any other Fund are set forth more fully in the applicable Fund Agreement. Paxion's investment advice to any Fund is limited to the type of advice described in this Brochure as supplemented by the applicable Fund Agreement.

In providing services to any Fund, Paxion intends to formulate the investment objective for such Fund, to direct and manage the investment and reinvestment of such Fund's assets, and to provide periodic reports to investors in each Fund. Investment advice is provided directly to each Fund and not individually to the Limited Partners, members or similar investors in any Fund. Paxion manages the assets of Paxion Capital in accordance with the applicable Fund Agreement and intends to do the same with respect to any Fund it might advise.

Interests in Paxion Capital are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and Paxion Capital is not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act").

With Paxion Capital, Paxion seeks to combine investments generating returns from current income as well as capital appreciation to mitigate risk throughout economic cycles. Paxion undertakes both active investments (which Paxion primarily engages and manages directly) and passive investments (which Paxion primarily accesses and executes through operating partners or sub-managers). Paxion Capital invests primarily in operating companies, real estate, infrastructure-related ventures, energy and natural resource related ventures, private equity, venture, and publicly traded equities and bonds. Except as described in Item 11, however, Paxion Capital is not restricted in the nature of the investments it can make.

The management committee of Paxion's general partner (the "Management Committee") directs the investment activities of Paxion Capital with the support of Paxion's investment professionals. Paxion's investment decision-making process generally includes informal, collaborative discussions on an ongoing basis and approval by the Management Committee for each new investment. Subsequent processes for monitoring each Fund investment are designed to help ensure the timely and successful execution of each investment's business plan and involve periodic reviews of valuation parameters, investment performance, and disposition opportunities.

All investing involves a risk of loss, and the investment strategy offered by Paxion Capital could lose money over short or even long periods of time.

Limited Operating History; Past Performance Not Indicative of Future Results

Paxion is a recently formed investment adviser with limited operating history and investment track record upon which prospective and current Limited Partners can evaluate its expected performance. The performance of investments made or managed by members of the

Management Committee in connection with their responsibilities at other advisers is not necessarily indicative of Paxion Capital's or any other Fund's future results.

Risks Associated with Start-ups and Small Companies

Funds managed by Paxion may invest in part in start-ups and small companies. Any such Fund's investments are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or growth plans of any particular Fund investment will be successful or that its business will be profitable.

Some or many Fund investments may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

With respect to investments in early stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the Fund investment. There is no assurance that the development efforts of any Fund investment will be successful or, if successful, will be completed within the budget or time period originally estimated.

Following a Fund's initial investment, a Fund investment may require additional funding and such Fund may have the opportunity to increase its investment in successful Fund investments. There can be no assurance that a Fund will make, or will have the resources to make, follow-on investments. Any decision by a Fund not to make follow-on investments, or its inability to make them, may have a substantial adverse effect on a Fund investment in need of such an investment, may result in a missed opportunity for a Fund to increase its participation in a successful enterprise, may result in significant dilution of any existing Fund investment, or may cause a decrease in the value of a Fund's portfolio.

The general partner of a Fund may designate certain investments held by certain Funds as a Side Pocket investment, and certain investments are automatically designated as a Side Pocket Investment, in each case, until such time as the general partner of such Fund determines that the Side Pocket Investment, or portions thereof, should no longer be a Side Pocket Investment. The general partner may designate indebtedness and Fund liabilities as related to a Side Pocket Investment. If an investor in such Fund requests a distribution, the general partner will consider whether the designation of each investment then designated as a Side Pocket Investment should be terminated in whole or in part. The general partner will not be required to liquidate, finance or redeem an investor's interest in a Side Pocket Investment until the general partner determines it is in interest of the investors with interests in such Side Pocket Investment to do so, and such action can be taken without adversely affecting the tax or compliance objectives that lead to the designation of such Investment as a Side Pocket Investment. Thus, an investor in a Fund may be

required to continue to participate in Side Pocket Investments irrespective of whether such investor has otherwise withdrawn from the Fund, and the Fund will be required to hold Side Pocket Investments until such time as its general partner determines.

Middle-Market Companies

Paxion Capital (or another Fund advised by Paxion) may also invest in middle-market companies. Investments in middle-market companies may entail larger risks than are customarily associated with investments in larger companies. Middle-market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group and on additional financing. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology.

Over-Commitment

In order to facilitate the acquisition of a Portfolio Investment, a Fund may make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, such Fund may engage in “warehousing” for the benefit of co-investors. The Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the Fund may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such Portfolio Investment or may realize lower than expected returns from such investment.

Investments in Real Estate

The assets of a Fund and its Fund investments may include real property. Real property investments are subject to varying degrees of risk and are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of or a reduction in demand for real estate), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers of properties, quality of maintenance, insurance and management services and changes in operating costs. Real property values are also affected by factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, and the availability of financing and potential liability under changing environmental and other laws.

Risks Relating to Debt Investments

A portion of a Fund’s capital may be invested in mezzanine debt or other indebtedness that is unsecured or subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and/or bear floating interest rates. In addition, these debt securities may not be protected by financial covenants or limitations upon additional indebtedness and may have limited liquidity. Debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws, (ii) so-called lender-liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral

securing the obligations, if any.

Lack of Control

A Fund may hold minority interests in some Fund investments and, therefore, may have limited ability to protect its position and investment. As a condition of making some, but not all Fund investments, Paxion may seek to obtain special rights and protective provisions, which will be negotiated at the time of the investment. There can be no assurance that a Fund will be able to obtain such protective provisions or that if such provisions are obtained, that they will be effective.

Moreover, although Paxion may seek to secure representation on the board of directors of companies in which Funds invest and hopes to develop a good working relationship with the management of such companies, Paxion may not be in a position to exercise control over the management of such companies and, accordingly, may have limited ability to protect its position in such companies. Furthermore, there can be no assurance that the Paxion will have a legal right to influence the management of any Portfolio Investment. To the extent that the senior management of a Fund investment performs poorly, or if a key manager terminates employment, a Fund's investment in such company could be adversely affected.

Notwithstanding the foregoing, in certain circumstances a Fund may be deemed to have a control or management position with respect to one or more of its Portfolio Investments, which could expose the Fund to risk of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability, including, in the case of debt investments, lender liability. If such liabilities were to arise, the Fund might suffer a significant loss.

Service as Directors or Officers of Portfolio Investments

One or more persons affiliated with Paxion may serve as directors of companies in which a Fund invests. Such service, especially in light of statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose Paxion, such Fund or persons which such Fund is required to indemnify to regulatory action and/or claims by a company in which such Fund invests, its security holders or its creditors. In addition, an employee, manager, partner, stockholder, member, officer or director of Paxion or its affiliates (a "Sponsor-Related Person"), may become subject to such fiduciary or other duties through the performance of services for their clients or by other means.

Exposure to Material Non-Public Information

Sponsor-Related Persons are permitted to serve as officers or directors of Portfolio Investments and otherwise might acquire material, non-public information regarding Portfolio Investments. A Fund may be unable to sell or otherwise dispose of securities of a Portfolio Investment in which such Fund invests if a member of Paxion is in possession of such material, non-public information. As a result, conflicts may exist between the fiduciary duties of Paxion or a member thereof to a Portfolio Investment and such person's fiduciary duties to a Fund or its Limited Partners.

Regulations Applicable to Portfolio Investments

A Fund may invest in companies that may be subject to extensive governmental regulations and

oversight with respect to their business activities. The failure to comply with applicable regulations, obtain applicable regulatory approvals, or maintain those approvals so obtained, may prevent the company from bringing products and services to the market, and could subject the applicable company to civil penalties, suspension or withdrawal of any regulatory approval obtained, product recalls and seizures, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on a Fund's investment in such company.

Illiquid Fund Investments

Certain Fund investments will be in companies that are privately held. As a result, there will be no readily available secondary market for a Fund's interests in such companies, and those interests will be subject to legal restrictions on transfer. Therefore, there can be no assurance that a Fund will be able to realize liquidity for such investments in a timely manner, if at all. Unless a company in which a Fund invests subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity will not be available to the applicable Fund, which must then rely on other means to achieve liquidity. In addition, a Fund may be precluded from selling its shares in a public company for some time after such company's initial public offering, if any.

Public-to-Private Transactions

A Fund may from time to time acquire shares of a public company with the intent of taking the company private. In the event that a Fund is not successful in effecting a public-to-private transaction, a Fund's returns in respect of such investment may be adversely affected. Further, a Fund would be subject to the risks and costs customarily associated with owning a significant portion of the shares of a public company, including restrictions on sales of a Fund's shares in the company, reporting requirements, director liability for a Fund representative on the public company's board of directors and restrictions associated with the receipt of material, non-public information as further discussed herein.

Investment in Junior Securities

The securities in which a Fund may invest may be among the most junior in the capital structure of the issuer and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Hedging

In connection with the financing of certain investments, a Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and/or currency exchange. Such transactions themselves may entail certain other risks, however, including that certain hedging arrangements may create for the general partner of the Fund or its affiliates a registration obligation with the U.S. Commodity Futures Trading Commission.

Use of Leverage

Paxion may leverage a Fund's investments through traditional means (such as by borrowing money through margin accounts, lines of credit or other lending arrangements) or through other direct or indirect forms of leverage (including but not limited to derivative securities), on a secured or unsecured basis for any purpose, including to increase investment capacity, cover operating expenses, make redemption or distribution payments or for clearance of transactions. While leverage presents opportunities for increasing total return, it also has the effect of potentially increasing losses due to unfavorable or adverse changes in market conditions or interest rates, as applicable. As a result, leverage will generally exaggerate the effect of any increase or decrease in the value of a Fund's assets and, therefore, may increase the volatility of a Fund's performance. As a consequence, use of leverage in a Fund is considered speculative.

Accessing Debt Capital

Companies in which a Fund invests may rely on the use of leverage. Accordingly, the success of such companies may depend in part on their ability to access sufficient sources of indebtedness at attractive rates. Highly leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. For example, rising interest rates can significantly increase a company's interest expense, causing losses and/or the inability to service outstanding indebtedness. It is also typical for companies to agree to comply with certain operating and other covenants in connection with obtaining debt financing.

If a company in which a Fund invests cannot generate adequate cash flow to meet its debt service obligations or defaults under the covenants imposed on it pursuant to its borrowing arrangements, it may be required to immediately repay all outstanding indebtedness. Acceleration of a company's repayment of indebtedness could result in a bankruptcy filing by the company, and a Fund may suffer a partial or total loss of capital invested in such company. As a result, the risk of loss associated with a leveraged company is generally greater than for a company with comparatively less debt.

In certain Fund investments, indebtedness may constitute a significant portion of the company's total capitalization, including debt that may be incurred by such company in connection with a Fund's investment. An increase in either the general levels of interest rates or in the risk spread demanded by sources of debt financing could make it more difficult for a Fund to consummate investments that are dependent on a financial restructuring. Increases in interest rates could also make it more difficult to locate and consummate certain investments because other potential buyers, including operating companies acting as strategic buyers, may have sources of equity capital or access to lower-cost debt that would allow them to bid for assets at a higher price due to their lower overall cost of capital.

Non-U.S. Investments

Investments in certain countries involve risks, including, but not limited to, risks relating to adverse political, social, and economic developments in other countries, as well as risks resulting from the differences between the regulations to which issuers and markets are subject in different countries. These risks may include expropriation of assets, confiscatory taxation, withholding taxes on dividends and interest paid on Fund investments, currency exchange controls, and other limitations on the use or transfer of Fund assets and political or

social instability. Such investments may also involve currency exchange rate risks. There may be rapid changes in the value of foreign currencies or securities, causing the value of Fund investments to be volatile. A Fund may enter into hedging transactions designed to reduce such currency risks. While such transactions may reduce certain risks, they entail certain other risks and such transactions may also result in losses and overall poorer performance than if a Fund had not entered into such hedging transactions.

Sponsor-Related Persons Not a Unitary Group or Enterprise

Prospective investors are cautioned that the Sponsor-Related Persons are not a unitary group or enterprise but rather a collection of related individuals and entities partially bound together by overlapping interests, activities and branding. Prospective investors must look only to the designated personnel of Paxion for the management of the Funds. Other Sponsor-Related Persons generally will have no authority to participate in the management of the Funds and no obligation to provide the Funds with any specific benefits. Moreover, Sponsor-Related Persons may be legally prohibited from providing certain types of benefits to the Funds and often will have duties and interests that conflict with those of the Funds. Accordingly, while it is anticipated that the Funds will derive some degree of benefit from being part of the family of entities associated with the Sponsor-Related Persons, prospective investors must not rely upon any specific benefits and must not assume that any such benefits as do arise will have a material impact upon the Funds' performance.

Other Activities

Members of the Management Committee and other Paxion personnel may devote only such portion of their time to the affairs of the Funds as they in good faith consider necessary for the proper performance of their duties. Other activities of such personnel are in some cases substantial and will require those individuals to devote their time to matters unrelated to the business of the Funds. Paxion expects that such personnel will take on additional activities in the future and that such other activities will pose conflicts in the allocation of management resources, including the time and attention of the members of the Management Committee. A particular Fund may or may not have an interest in these other activities.

Item 9: Disciplinary Information

Paxion and its officers and employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of Paxion's advisory business or the integrity of Paxion's management of Paxion Capital or any other Fund.

Item 10: Other Financial Industry Activities and Affiliations

Paxion expects that the general partner of any Fund will be affiliated with Paxion by common ownership. Should conflicts of interest arise in the context of these common ownership relationships, they will be addressed in accordance with Paxion's Code of Ethics (described in further detail in Item 11 below) and the requirements of the Fund Agreements, as applicable.

Paxion, its affiliates and its personnel (i) may serve as investment advisers and investment managers to multiple pooled investment vehicles, (ii) may take action or give advice with respect to certain clients that differs from the advice given to other clients and (iii) will devote as much time to the activities of each client as they deem necessary and appropriate.

James A. Davidson, a member of the general partner of Paxion, is a Managing Partner of Silver Lake Technology Management, LLC (“Silver Lake”), a SEC-registered investment adviser. Michael E. Marks, a member of the general partner of Paxion, is the Founding Partner of Riverwood Capital Management L.P. (“Riverwood”), a SEC-registered investment adviser, and Walden Riverwood Ventures, LP (“WRV”), a technology venture capital firm that is not a SEC-registered investment adviser. Fritz H. Wolff, a member of the general partner of Paxion, is the Manager of Wolff Principal Holdings, L.P. (“WPH”), a real estate private equity firm that is not a SEC-registered investment adviser. The members of the general partner of Paxion actively participate in the management of Silver Lake, Riverwood, WRV and WPH and their respective affiliates (collectively, “Separate Advisors”), respectively. Additional information regarding the Separate Advisors is available at in Paxion’s Form ADV, Part 1A, Item 7A, which can be found by accessing www.adviserinfo.sec.gov and following the search instructions.

The Separate Advisors each manage private equity funds. The members of the general partner of Paxion may serve on Separate Advisors’ investment committees, make investment recommendations, and have ownership interest in the related general partners affiliated with or sponsored by such Separate Advisors. There will be a conflict of interest to extent a member of the general partner of Paxion makes investment recommendations for and receives compensation from the Separate Advisors. Should such conflicts of interest arise, they will be addressed in accordance with the Code of Ethics (described in further detail in Item 11 below), and in the applicable Fund Agreements.

Neither Paxion nor any member of its Management Committee is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Paxion nor any member of its Management Committee is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities.

Paxion does not currently accept compensation for recommending or selecting other investment advisers for any Fund.

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

Code of Ethics

Paxion has adopted a Code of Ethics pursuant to SEC Rule 204A-1 under the Advisers Act for all Supervised Persons of Paxion. The Code of Ethics describes Paxion’s standard of business conduct and its fiduciary duty to Paxion Capital under the Advisers Act. “Supervised Persons”

include (i) any officer, director (or other person occupying a similar status or performing similar functions) or employee of the Adviser and (ii) any other person who provides investment advice on behalf of Paxion and is subject to Paxion's supervision and control.

The Code of Ethics was adopted in order to establish the standard of conduct expected of Paxion's Supervised Persons and to help ensure that Paxion's duties under the Advisers Act are met. Supervised Persons must at all times act in accordance with Paxion's fiduciary duty. Each Supervised Person must (i) at all times place the interests of the Funds before his or her own interests, (ii) act with honesty and integrity with respect to the Funds and investors, (iii) not take inappropriate advantage of his or her position for his or her personal benefit, (iv) make full and fair disclosure of all material facts, particularly where Paxion's or such Supervised Person's interests may conflict with a Fund's and (v) have a reasonable, independent basis for his or her investment advice.

Paxion's Compliance Manual includes provisions relating to protecting the confidentiality of information relating to Limited Partners, a prohibition on insider trading, a prohibition on disseminating rumors, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, restrictions and reporting obligations relating to making political contributions and anti-money laundering and sanctions policies, among other matters. All employees of Paxion must submit an annual certificate of compliance for the Compliance Manual and the Code of Ethics to the Chief Compliance Officer.

In addition, Paxion has adopted a personal securities transactions policy under its Code of Ethics that forbids any Supervised Person from engaging in insider trading and from disclosing or using material non-public information in violation of applicable law. "Access Person" includes all directors, officers and partners of Paxion and any other employee that the Chief Compliance Officer designates as such. The Code of Ethics also requires preclearance of personal transactions in initial public offerings, limited offerings and publicly traded securities. Certain classes of securities have been designated as exempt from certain trading restrictions under the Code of Ethics based upon a determination that exempting such securities would not materially interfere with the best interests of the Funds. Subject to certain limited exceptions, Supervised Persons are also required by the Code of Ethics policy to report personal investment transactions to the Chief Compliance Officer on a quarterly basis and report securities holdings to the Chief Compliance Officer on an annual basis.

The Chief Compliance Officer monitors employee trading under the Code of Ethics in order to reasonably prevent and, if necessary, address conflicts of interest between Paxion, Supervised Persons and Paxion Capital (or any other Fund for which Paxion is the adviser).

Limited Partners and prospective investors in any Fund may request a copy of the Code of Ethics, free of charge, by contacting Paxion's Chief Compliance Officer.

Paxion has adopted written policies to help ensure compliance with the provisions of each Fund Agreement and the Code of Ethics.

Conflicts of Interest

Paxion anticipates that Fund investments may present a number of different types of conflicts of

interest to the members of the Management Committee and has adopted policies to address or mitigate those conflicts. In each case, where a conflict of interests is presented, members of the Management Committee will exercise their discretion in light of Paxion's fiduciary duties to its clients with a view to acting in a manner so that a Fund is treated in a manner consistent with arm's length transactions and receive the benefit of market terms as determined in good faith by the Management Committee.

The conflicts of interest that Paxion will encounter are expected to include:

Sale of Investments to Funds. Paxion and its affiliates may sell or contribute investments to a Fund as provided in the applicable Fund Agreement or with the approval of a majority of the disinterested members of the Management Committee, a majority in interest of the Limited Partners in the applicable Fund or consent by the Fund's Advisory Committee in accordance with the Fund Agreements.

Obligations to Other Funds. Members of the Management Committee own equity in the sponsors and general partners of, and provide management and other services to, investment funds, separately managed accounts, proprietary accounts and other investment vehicles other than the Funds (collectively, "Other Clients") and thus are subject to fiduciary and other duties to Other Clients, which duties may on occasion conflict with the best interests of a Fund.

Sponsor-Related Persons may permit Other Clients to have exclusive rights to certain investment opportunities. As a result, the Funds may not be afforded the chance to participate in investment opportunities in which Other Clients are given the opportunity to participate, or in some cases may be allocated only a small part of an investment opportunity suitable for investment by a Fund while Other Clients are allocated a larger portion. The Funds may be prohibited (due, for example, to exclusivity rights granted to Other Clients or regulatory limitations) from pursuing certain investment opportunities and may find that its ability to participate in any particular opportunity may be substantially limited. The creation of new investment products by Sponsor-Related Persons may give rise to additional conflicts of interest that are not foreseeable.

Interests in Companies in Which the Funds Invest. Members of the Management Committee may also be significant or controlling shareholders of companies in which a Fund invests and may be able to influence the valuation of those investments to their own benefit. Paxion has adopted a conflicts of interest policy in order to address the conflicts of interest that could arise if Paxion were to recommend that a Fund invest in the same securities or related securities in which Paxion or an affiliate currently holds an investment. Under such policy, no Supervised Person may recommend to Paxion that a Fund make a particular investment without first disclosing his or her interest in the potential transaction. In those circumstances, disinterested members of the Management Committee will generally make investment decisions for a Fund. A Supervised Person may under certain circumstances invest in securities of a company in which a Fund invests subject to approval by the Chief Compliance Officer.

Valuation of Fund Investments. Paxion or one of its affiliates expects to serve as general partner of each Fund, will be responsible for valuing the Fund's assets and will generally not be required to use independent sources for determining such values. Paxion will have an economic incentive to value assets in a manner that maximizes advisory fees to Paxion.

Remuneration of Paxion Affiliates by Companies in which Funds Invest. Paxion and its affiliates may cause Funds to make investments in companies that pay remuneration to Paxion and its affiliates to the extent provided in the applicable Fund Agreement or with the approval of both a majority of the disinterested Management Committee and a majority in interest of the Limited Partners in the applicable Fund.

Apportionment of Expenses. Apportionment of expenses inherently creates conflicts of interest between Paxion and the Funds. For example, the same individual could be engaged to provide services as a member or employee of Paxion (in which case, Paxion generally would bear the expense of such individual's salary, etc.) or as a consultant/advisor to a Fund or Fund investment (in which case a Fund or company in which a Fund invests generally would bear the expense of fees paid to such individual). Paxion has discretion to determine how any particular individual will be engaged.

Use of Assets of a Fund by Paxion. Paxion and its personnel may make use of assets of a Fund and companies in which a Fund invests. Any such use will be subject to policies and procedures adopted by Paxion and designed to provide that Paxion or such personnel will fairly compensate the applicable Fund or companies for any such use. Paxion will establish and maintain policies and procedures designed to fairly apportion the expenses relating to such use.

Co-investments. A Fund may acquire interests in certain Fund investments in cooperation with others through co-investment arrangements pursuant to which Paxion receives compensation from the co-investor on terms different from the compensation Paxion receives from the applicable Fund. This may create an economic incentive for Paxion to take actions that maximize the compensation paid by the co-investor.

Allocation of Investment and Sale Opportunities among Funds. Investment opportunities are allocated based upon the provisions of the applicable Fund Agreement. If the relevant Fund Agreement does not address the manner in which an investment opportunity should be allocated, Paxion will allocate the opportunity between or among Funds in good faith, in accordance with the allocation policies and procedures set forth in its Compliance Manual. This policy governs the appropriate allocation of opportunities with respect to co-investments, follow-on investments and sale opportunities, and provides that when determining these allocations Paxion will consider the following factors: (i) the size, nature and type of investment or sale opportunity; (ii) principles of diversification of assets; (iii) the investment guidelines and limitations of the Funds; (iv) cash availability, including cash that becomes available through leverage; (v) the magnitude of the investment; (vi) a determination by Paxion that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Funds; (vii) applicable transfer or assignment provisions; (viii) proximity of a Fund to the end of its specified term, if any; or (ix) such other factors as Paxion may reasonably deem relevant. The Management Committee will review all allocations between or among different Funds to ensure that such allocations are made on a fair and equitable basis in accordance with Paxion's investment allocation policies, Fund Agreements, and applicable regulatory restrictions.

Funds may have disparate fee structures and the investment portfolio manager for the funds may have different compensation structures and incentives which could create incentives to allocate

more time and resources to the management of one or funds versus other funds under its management.

Investments by Sponsor-Related Persons, their Affiliates, and Other Clients of Sponsor-Related Persons or their Affiliates.__The investment objectives and programs of the Sponsor-Related Persons may be similar to, or overlap with, the investment objectives and proposed investment programs of the Funds. Therefore, the Funds are expected to compete regularly for investment opportunities with the Sponsor-Related Persons. Furthermore, information relating to investment opportunities may be shared across the clients of the Sponsor-Related Persons and their investment management teams, subject to any restrictions on sharing such information (due, for example, to applicable law or contract) even where the disclosure of such information would not be in the best interests of a Fund or its Limited Partners or would otherwise influence the decisions taken by the investment management teams with respect to such investment opportunity. Accordingly, the investment activities of Sponsor-Related Persons may differ from, or be inconsistent with, the interests of and activities that are undertaken for the Funds, and there can be no assurance that the Funds will be able to fully leverage all of the available resources and industry expertise of the Sponsor-Related Persons' other businesses. As a result, the allocation of investment opportunities gives rise to potential and actual conflicts of interest. Sponsor-Related Persons may make investments for themselves separate and apart from, or alongside with, the Funds. Sponsor-Related Persons are expected to compete with the Funds for investment opportunities, management time and attention, and other resources. Actions taken by Sponsor-Related Persons may adversely impact an investment made by the Funds.

Investments by Sponsor-Related Persons in Certain Funds. Sponsor-Related Persons own a substantial minority of the interest in certain Funds, and may vote such interest in such manner as they shall determine in their sole discretion, notwithstanding any conflicts that may exist. Sponsor-Related Persons are permitted to vote their interest in connection with all matters that are put to a vote of the Limited Partners of certain Funds.

Excluded Investment Opportunities. Generally Paxion plans to avoid making investments that are inconsistent with the obligation of a member of the Management Committee to direct such investments to a Separate Advisor or abstain from making certain types of investments. To the extent an investment opportunity is identified which is suitable for a Separate Advisor, the investment opportunity will be allocated to the Separate Advisor, and none of the Funds will co-invest in the opportunity unless otherwise agreed by the applicable Separate Advisor.

Item 12. Brokerage Practices

Paxion focuses on making investments in private securities and thus does not generally deal with any financial intermediary such as a broker-dealer. As a consequence, commissions are not ordinarily payable in connection with such investments.

To the extent that Paxion transacts in publicly-traded securities, Paxion selects brokers and counterparties based upon the broker or counterparty's ability to provide best execution for the Funds as described in Paxion's Compliance Manual. In general, this means obtaining the best net results so that the Funds' costs or the amounts received by the Funds are most favorable under all of the circumstances. The factors in determining best execution include, but are not limited to:

(i) Paxion's knowledge of negotiated commission rates and spreads currently available; (ii) the nature of the security or instrument being traded; (iii) the size and type of the transaction; (iv) the nature and character of the markets for the security or instrument to be purchased or sold; (v) the desired timing of the trade; (vi) the activity existing and expected in the market for the particular security or instrument; (vii) the confidentiality of the transaction; (viii) the execution, clearance, and settlement capabilities, as well as the reputation and perceived soundness of the broker selected and other brokers considered; (ix) Paxion's knowledge of actual or apparent operational problems of any broker; (x) the broker's or dealer's execution services rendered on a continuing basis and in other transactions and (xi) the reasonableness of spreads or commissions. Although Paxion generally seeks competitive commission rates and dealer spreads, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved that would thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services. When executing a transaction in any investment with or for a Fund, Paxion intends to take all reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.

As a matter of policy, Paxion does not enter into soft dollar arrangements in respect of transactions for any Fund. If Paxion determines to do so, it will endeavor to do so within the "safe harbor" provided by Section 28(e) of the Exchange Act. While Paxion may receive proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers. In addition, Paxion maintains a gift policy which requires the reporting and/or pre-approval of certain gifts, travel and entertainment received by Supervised Persons in order for such gifts, travel and entertainment to be reviewed by compliance personnel for any appearance of, or actual, conflicts of interest.

The purchase or sale of securities may be aggregated for various Funds to the extent that more than one Fund is acquiring or selling securities in the same Fund investment. Where a sale opportunity is identified for an investment held by two or more Funds, the opportunity will be allocated in accordance with the applicable Fund Agreements and the Allocation Policies described in Item 11 above. Paxion will generally aggregate the securities that are to be disposed of if it believes that is the most efficient means to dispose of the securities.

Paxion does not receive client referrals from broker-dealers or third parties.

Paxion does not engage in any directed brokerage practices.

Item 13: Review of Accounts

The Management Committee (currently James Davidson, Michael Marks and Fritz Wolff) is responsible for reviewing client holdings on an ongoing basis to determine if there have been any significant changes to any investments. Each investment will be reviewed whenever there is a major event or market shift affecting a Fund investment or its exit options. In these reviews, Paxion will re-examine its investment hypothesis, update forecasts of Fund investment performance and project the investment's return opportunity before deciding the timing for realization.

Investors receive written quarterly reports related to their investment in a Fund. A typical report includes a letter from the general partner of the Fund and overview of a Fund's performance, a portfolio update, a schedule of investments, and financial statements.

Item 14: Client Referrals and Other Compensation

Paxion or its affiliates may receive remuneration from companies in which Funds invest and in connection with Fund investments as described above under "Fees and Compensation" and "Conflicts of Interest - Remuneration of Paxion Affiliates by Companies in which Funds Invest" under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading." Also, Paxion's investment professionals who serve on the board of directors of companies that are Fund investments may receive cash compensation, options and/or restricted stock in their capacity as directors. As provided in the applicable Fund Agreement, in some cases this remuneration reduces the Management Fee otherwise payable, and in other cases it does not.

Paxion does not directly or indirectly compensate any person for client or investor referrals.

Item 15: Custody

Paxion is deemed to have custody for purposes of the Advisers Act of each Fund's cash and securities by virtue of being, or its relationship with, such Fund's general partner. Except as permitted by the Advisers Act, such cash and securities are maintained in accounts established with qualified custodians, as defined in Rule 206(4)-2 of the Advisers Act. Such accounts are in the name of the relevant Fund.

The Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Such Fund's audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each investor within 120 days of such Fund's fiscal year end. Limited Partners in such Funds will not receive statements from any custodians.

Item 16: Investment Discretion

Except as otherwise described herein, Paxion generally has discretionary authority to determine, without obtaining specific consent from the Funds or their Limited Partners, any securities to be bought or sold and the amounts relating thereto. Any limitations on Paxion's authority are included in the Fund Agreements.

In addition, the Funds may enter into side letters with one or more investors without the approval of any other investor that have the effect of establishing rights under, or altering or supplementing the terms of the Fund Agreements or any Subscription Agreement of the Funds. As a result of such side letters, certain investors may receive additional benefits that other investors will not receive. The other investors will have no recourse against Paxion or any of its affiliates in the event that certain investors receive additional or different rights or terms as a result of such side letters.

Item 17: Voting Client Securities

As part of its Compliance Manual, Paxion has adopted written policies and procedures regarding proxy voting. In the event that Paxion is required to vote proxies, it is Paxion's policy to exercise the proxy vote in the best interest of the applicable Fund taking into consideration all relevant factors including, without limitation, acting in a manner that Paxion believes will maximize the economic benefit to a Fund and promote sound corporate governance by the issuer. Whenever Paxion is required to exercise a vote for a privately-held Fund investment, Paxion applies the standards and procedures described above, provided that Paxion may determine not to cause Funds to participate in bankruptcy proceedings or class action lawsuits.

Item 18: Financial Information

Paxion, its general partner, and the members of the general partner of Paxion have never filed for bankruptcy, and Paxion is not aware of any financial condition that is expected to affect its ability to provide investment management services to Paxion Capital or any other Fund.