

**INITIAL FORM ADV PART 2A:
FIRM BROCHURE**

MARCH 27, 2018

DISCOVERY AMERICAS CAPITAL, S. DE R.L. DE C.V.

Reforma 115, Floor 16
Col. Lomas de Chapultepec,
Mexico City, Mexico 11000
+ (52 55) 5284 2490
www.discoveryamericas.com

PRINCIPAL CONTACT
Armando Martinez
Reforma 115, Floor 16
Col. Lomas de Chapultepec,
Mexico City, Mexico 11000
+ (52 55) 5284 2491
amartinez@discoveryamericas.com

This brochure (this “**Brochure**”) provides information about the qualifications and business practices of Discovery Americas Capital, S. de R.L. de C.V. (the “**Adviser**”). If you have any questions about the contents of this Brochure, please contact us at + (52 55) 5284-2490. 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.

Additional information about the Adviser is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

The Adviser is amending this brochure in connection with its Form ADV amendment, effective March 27, 2018. A summary of the material changes made to the initial Brochure filed September 29, 2017 with the United States Securities and Exchange Commission (“SEC”) is set forth below:

- Item 4: the Adviser’s assets under management have been updated.

Currently, our Brochure may be requested by contacting Armando Martinez, the Chief Compliance Officer of the Advisor at + (52 55) 5284 2490 or amartinez@discoveryamericas.com.

Additional information about the Adviser is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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Item 4. Advisory Business

Discovery Americas Capital, S. de R.L. de C.V., a Mexican S. de R.L. de C.V. (the “**Adviser**”) is a private equity firm formed on September 9, 2016, with its principal office and place of business in Mexico City, Mexico. The Adviser’s ultimate beneficial owners are Harry Krensky, Carlos Mendoza, and Alberto Moreno (the “**Principals**”). The Adviser currently provides investment advisory services on a discretionary basis to two private funds (the “**Funds**”), the interests of which are offered to qualified investors in the United States and elsewhere, and a Mexican certificados de capital de desarrollo (a, “**CKD**”), the interests of which are offered to qualified investors in Mexico. The Adviser also acts as a sub-adviser on behalf of Atlas Discovery Mexico S. de R.L. de C.V., a Mexican *sociedad de riesgo limitado de capital variable* (“**ADM**”) and Activos Alternativos S. de R.L. de C.V., a Mexican *sociedad de riesgo limitado de capital variable* (“**AAL**”), with respect to four CKDs.

The Adviser’s acts as investment advisor to the following:

- Discovery Americas II, LP, a Canadian limited partnership (“**Fund II Canada**”);
- Contrato de fideicomiso irrevocable de emisión de certificados bursátiles fiduciarios de desarrollo Número F/2872, denominado DAIV, a Mexican certificados de capital de desarrollo (“**Fund IV Mexico**”); and
- Discovery Americas IV, LP, a Canadian limited partnership (“**Fund IV Canada**”)

The Adviser serves as sub-advisor on behalf of AAL with respect to the following CKDs:

- Contrato de fideicomiso irrevocable de emisión de certificados bursátiles fiduciarios de desarrollo Número F/3015, a Mexican certificados de capital de desarrollo (“**Umbrella Fund I Mexico**”);

The Adviser also serves as sub-advisor on behalf of ADM with respect to the following CKDs:

- Contrato de fideicomiso irrevocable de emisión de certificados bursátiles Número F/2917 “DAII MX”, a Mexican certificados de capital de desarrollo (“**Fund II Mexico**”);
- Contrato de fideicomiso irrevocable de emisión de certificados bursátiles fiduciarios de desarrollo Identificado como “DAT” y con el Número F/2062, a Mexican certificados de capital de desarrollo (“**Fund III Mexico**”); and
- Contrato de fideicomiso irrevocable de emisión de certificados bursátiles fiduciarios de desarrollo Identificado como “DAT” y con el Número F/2271, a Mexican certificados de capital de desarrollo (“**Fund IIIP Mexico**”).

For the purposes of this Brochure, all references to a “Fund” or the “Funds” shall also refer to a “CKD” or the “CKDs,” as applicable, unless otherwise specified. The Adviser’s direct owners are Discovery Americas Holdings, LP, a Canadian limited partnership (“**DAHLP**”) and Discovery Americas Investment Partners, Corp., a Canadian corporation (“**DAIP**”). DAIP is the general partner of DAHLP and its directors are the Principals.

On behalf of the Funds, the Adviser targets investment opportunities in expansion-stage companies that it believes are benefiting from growth in the Mexican domestic consumption market and are attractively valued. The Adviser intends to engage primarily in private growth equity transactions but may also enter into private investments in public equity (“**PIPEs**”) or other investments in public companies.

The Adviser may also provide its services to parallel vehicles of the Funds, in each case, based on certain tax, legal, regulatory or other similar considerations. In each case, it is expected that such parallel vehicles will be organized on terms substantially similar to the applicable Fund and will co-invest *pro-rata* on the basis of available capital commitments, subject to legal, regulatory and other similar considerations.

The Adviser may enter into agreements, or side letters, with certain investors in the Funds (the “**Investors**”) that provide investment terms different than those provided to other Investors. Any such agreement or side letter may provide different economic, reporting or other terms and conditions than those set forth in the applicable Fund’s confidential placement memorandum or governing documents (the “**Transaction Documents**”), and may permit certain Investors to opt out of certain investments. Upon request, any Investor may receive a copy of all existing side letters between any of the Funds, any of the Funds’ general partners (or, with respect to the CKDs, the CKDs’ respective second beneficiary carry recipient) (in either case, the “**General Partners**”) or any of their respective affiliates, on the one hand, and any of the Investors, on the other hand.

As of the date of this Brochure, the Advisor’s assets under management totaled \$696.76 million. The General Partners, each of which is one of the Adviser’s affiliates, make all investment decisions on behalf of the Funds. Advice to the Funds is provided and all assets are managed on a discretionary basis.

Item 5. Fees and Compensation

The fees and expenses associated with an investment in the Funds are described in detail in each of the respective Fund’s Transaction Documents.

The Adviser may, in its sole discretion, manage other pooled investment vehicles, certificados de capital de desarrollo or accounts with higher or lower fees, different fee structures or different expense payment arrangements than those of the Funds. Further, each General Partner, in its sole discretion, may agree with an Investor to waive or modify the provisions of the applicable Fund’s Transaction Documents, including the fees charged, with respect to such Investor, without obtaining the consent of any other Investor.

Management Fee.

Generally, and subject to the terms in the applicable Transaction Documents, during the respective investment periods each Fund will pay the Adviser a management fee (the “**Management Fee**”) typically in the range of 0% to 2% per annum of the Investors’ aggregate capital commitments to such Fund in advance on a monthly (in the case of the CKDs) or semi-annual (for all other funds) basis. After the applicable investment period, the Management Fee typically will be in the range of 0% to 2% per annum of cumulative capital contributions paid or

due to such Fund by all applicable Investors, less (x) cumulative distributions to applicable Investors constituting a return of capital with respect to realized applicable investments (including a portion of a partially realized applicable investments) and (y) the aggregate amount of losses relating to applicable investments that are determined to be not recoverable, as determined as of the commencement of the relevant quarterly period. Management Fees are deducted directly from the Fund's assets. Notwithstanding the foregoing, the Adviser and/or its affiliates have full discretion to agree to specific terms with each Fund with respect to the management fee payable during and after the investment period.

The Adviser may also charge management, monitoring, oversight, consulting, directors' transaction and other similar fees to portfolio companies of each Fund, which, may be applied to reduce the applicable Management Fee for the next applicable period, net of unreimbursed transaction expenses incurred by the Adviser or its affiliates. Certain normal and customary fees including, but non-limited to directors' fees and officer's fees paid by portfolio companies to the Adviser, its employees, representatives, or any of their respective affiliates, will be retained by the Adviser and will not offset or reduce the Management Fee. Non-offset fees are described further in each Fund's Transaction Documents.

Carried Interest.

Generally, and subject to the applicable terms in the Transaction Documents of each Fund, net proceeds from the disposition of each Fund's investment, together with any dividends, distributions or interest earned on such investment, are subject to some form of carried interest or similar profit allocation for the benefit of the Adviser.

Performance fees or carried interest allocations may be subject to certain preferred return hurdles, catch-up allocations and clawbacks. The manner of calculation and application of performance fees or carried interest profit allocations is disclosed in the Transaction Documents of each Fund.

In addition to the Management Fee and the carried interest, each Fund will incur their *pro-rata* portion, as applicable, of normal and customary costs, expenses, liabilities and obligations that relate to such Fund's organization, offering, operating and investment expenses. Such expenses are allocated among the Investors in a Fund pursuant to the terms of its applicable Transaction Documents.

These expenses include all legal, accounting, and filing expenses incurred in connection with organizing and establishing the Fund and the related GP, and the marketing and offering of interests in the Fund, including legal, accounting, filing, capital raising, travel and accommodation, printing and other similar costs, fees, and expenses. Investors in the Funds will typically receive a reduction in management fees in respect of offering and organizational expenses in excess of specific amounts as described in the offering materials, disclosure documents and/or governing documents of the relevant Fund.

In addition, each Fund will typically pay broken deal expenses and all fund expenses related to the operation of the Fund, including fees, costs, and expenses directly related to the purchase, holding, and sale of investments, diligence expenses (including related travel expenses), expenses of any consultants (including senior advisors and industry advisors, counsel, and accountants,

insurance (including insurance obtained by the Adviser which is available for the benefit of funds, investment vehicles and portfolio companies), indemnity, or litigation expenses, custody fees, brokerage fees (if any), underwriting and syndication fees and expenses, financing and bridge financing expenses (which may be payable to another Fund co-investing in the bridged transaction or to the Adviser or an affiliate, in each case that provides bridge financing to the relevant Fund), certain taxes, expenses of any advisory committee established in respect of the Fund and its members, costs of any information meetings of the Fund's investors, and any fees or other governmental charges levied against the Fund. Certain Funds have agreed to bear an allocable portion of the Adviser's overhead expenses, including office, computer, employee and other internal costs and expenses.

Additionally, as further described in the applicable Transaction Documents, the Adviser may retain or employ, either directly or through an affiliated entity, a Board of Advisors to facilitate the investment and post-investment process, including but not limited to, performing investment advisory, consulting or other services for a Fund or a Fund's portfolio companies. It is expected that the costs of compensating the Board of Advisors will be borne by the applicable Fund or portfolio company, as applicable, and will not offset the Management Fee due to the Adviser. However, if the Adviser or the applicable General Partner participate in such fees, the amount of any such participation will be taken into account for purposes of reducing the applicable Management Fee.

In addition to the foregoing, expenses borne by the Fund will include, but are not limited to, the following: professional fees directly attributable to a specific Fund, such as legal fees and audit fees, certain travel expenses and the costs of the annual investors conference for the relevant Fund; broken deal expenses, certain organizational expenses (for example, those related to the establishment of a multi-investment platform for a strategy), fees and expenses of consultants (including senior advisors and industry advisors) and costs and expenses of research relating to such strategy; travel expenses for an Employee to attend a board of directors meeting of a Fund portfolio company, and certain fees and expenses for services provided to or on behalf of a Fund portfolio company, and expenses of any consultants, counsel, and/or accountants for services provided in connection with a potential acquisition for a Fund portfolio company.

Co-Investments.

In certain circumstances, the relevant General Partner may provide co-investment opportunities to its affiliates, strategic investors, consultants, advisors, lenders, and certain Investors to invest alongside one or more Funds. Any such co-investments may be made through one or more vehicles, may take place concurrently with a Fund's investment or subsequent thereto, and may be made on the same or different terms as the investment made by a Fund. In general, it is expected that expenses related to any co-investment will be split pro rata among the applicable co-investors whereas expenses related to a portfolio company will be split pro rata among the applicable Fund, the co-investors, and any other vehicle or entity participating in the co-investment based upon invested capital. However, co-investors and any other vehicle or entity participating in the co-investment generally will not be required to share alongside the Fund in expenses associated with potential investments that are unsuccessful (i.e., broken deal expenses), regardless of whether such co-investors have committed capital to the potential investment from which the applicable broken-deal expenses arise. Therefore, each Fund will be required to pay,

or reimburse the Adviser, the applicable General Partner or any of their respective affiliates for, broken deal expenses. Further, a Fund may invest in investment vehicles with third parties to facilitate investments and may be required to pay or bear directly or indirectly management and performance fees or carried interest to third parties in connection therewith. In addition, the Adviser or its affiliates may earn management and performance fees or carried interest from third parties or Adviser-sponsored co-investment vehicles in connection with any such investment vehicle. Any such fees or carried interest earned by the Adviser, the General Partners or their respective affiliates earned from third parties in connection with such vehicles will be paid to the Adviser or such General Partner or affiliate and will not be shared with the applicable Fund or applied to reduce the Management Fee of that Fund.

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

As stated in Item 5 above, affiliates of the Adviser may receive carried interest from the Funds. Certain of these payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities.

To address these conflicts of interest, the Adviser has policies and procedures to ensure that all Funds receive equitable and fair treatment over time with respect to the allocation of investment and exit opportunities. In determining how an investment or exit opportunity is allocated, the Adviser may take into account certain considerations, including but not limited to: (a) the size, nature and type of investment or sale opportunity, (b) the investment guidelines and restrictions of the Funds, (c) the cash position of the Funds, (d) liquidity needs and other constraints of the Funds, and (e) any regulatory restrictions.

Final investment and exit allocation decisions are under the purview of the Adviser.

Item 7. Types of Clients

The Funds are private equity partnerships that rely on certain exclusions from the definition of “investment company” in the Investment Company Act of 1940, as amended. The CKDs are Mexican certificados de capital de desarrollo, which are fiduciary securities intended for the financing of one or more projects, which in each case are regulated by the Mexican Stock Exchange. None of the Funds or the CKDs are registered as an investment company with the SEC. For additional information see Item 4 – Advisory Business.

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

The Adviser’s investment strategy is to target equity or equity-related investment opportunities in expansion-stage companies primarily in Mexico. Specifically, the Adviser seeks to invest in industries focused on domestic consumption benefiting from the emergence of the Mexican

middle class, and where the Adviser and each of the Funds' management teams have developed a strong know-how and an extended network. The Funds intend to engage primarily in private equity transactions but may also enter into private investments in public equity or other investments in public companies.

The Funds will target companies primarily in the form of influential minority or majority equity stakes. Targeted opportunities will usually share the following characteristics: strong owner-oriented management teams with high integrity standards and extensive operational know-how; business with demonstrated competitive barriers to entry; attractive company growth opportunities and potential for significant increases in productivity and/or market share; favorable industry context and growth prospects; visible pre-defined divestment plan or exit strategy; primarily proprietary (i.e. non-auction) deals with attractive pricing and realistic timing; transaction structure that aligns incentives between investors and management; and opportunity for the Funds' management team to monitor and add value throughout the business plan implementation.

Although the Adviser does not expect the Funds to focus on seed-equity or early-stage transactions, it may participate in early-stage or venture capital type deals where the risk-adjusted returns are attractive, capital-loss risk can be minimized and the Adviser and the Funds' management team can put in practice their expertise with these types of transactions. As discussed above, an important component of the Adviser and the Funds' management team's participation in the investment process will be their ability to add value to the portfolio companies. Each Funds will generally target companies where value can be unlocked through efficient hands-on partnering with management. Each Fund's management team is expected to collaborate with the management of each of its portfolio companies to continue developing the company's competitive position and operating cash flows, and thereby increase the value of the business.

While the Adviser typically will focus on the key investment characteristics described above, it will also seek to avoid a high risk of permanent capital loss. Hence, before analyzing a target company's upside potential, the Adviser will scrutinize its downside risk. The Adviser will seek to minimize this downside risk by focusing primarily on operating companies with proven business models and a history of cash flow generation, by carefully assessing the talent, intention and integrity of potential management partners, and by fully evaluating industry and macroeconomic trends that may disrupt medium-term business plans. A portfolio management approach balancing required investment amounts, selected industries and deal flow will also factor in risk perception metrics when analyzing and selecting deal opportunities.

The foregoing discussion includes and is based upon numerous assumptions and opinions of the Adviser concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that a Fund's investment strategy will achieve profitable results or that the Investors will not incur substantial or total losses.

The Adviser's private equity investment strategies and the securities invested in to carry out this strategy involve a high degree of business and financial risk that could result in substantial losses and are suitable only for Investors prepared to bear such risk. The risk factors below are not intended to be exhaustive. Prospective Investors should carefully review the risks described in each Fund's Transaction Documents.

Lack of Operating History, and Dependency Upon the Adviser. Each of the Funds and their respective General Partners were formed expressly for the purpose of carrying out the activities of the Adviser. Although the Principals, the Adviser and its personnel have substantial experience in private equity investment and with the general investment strategies to be utilized by Funds, neither the Funds nor the General Partner have no operating history other than since the formation of each respective entity.

Future Investments. Investors will not have an opportunity to review a Fund's proposed investments before deciding whether to invest in such Fund. Each Fund may not have identified any particular investment at its initial closing and may be unable to find a sufficient number of attractive opportunities to meet its investment objectives or fully invest its capital commitments. Investors must rely on the ability of the General Partner and the Adviser to identify, structure and implement investments consistent with each Fund's investment objectives and policies.

Dependence on Principals and Key Personnel. The success of the Funds depends in substantial part on the skill and expertise of the Principals and certain other key personnel of the Adviser. There can be no assurance that these persons will continue to be employed by the Adviser throughout the term of a Fund. The loss of any of the Principals or key personnel could have a material adverse effect on each Fund. The loss of key personnel at a portfolio company could adversely affect the performance of such portfolio company and the corresponding returns to each of the Funds. In addition, although the Principals and other key personnel of the Adviser will commit an appropriate amount of their business efforts to the Funds, they are not required to devote all of their time to the affairs of the Funds and may advise and manage other investments and investment vehicles. These individuals may also serve on the boards of directors of various portfolio companies. The Principals and other key personnel of the Adviser will continue to devote such time and attention to their existing business activities as is required to discharge their duties relating to such activities. Also, as a result of existing investments and activities, representatives of the Adviser and its affiliates may from time to time acquire confidential information that they will not be able to use for the benefit of the Funds.

Inability to Make Follow-On Investments May Reduce Returns. The Funds may have the opportunity or obligation to increase their respective investments in a portfolio company through a follow-on investment. There can be no assurance that the Funds will wish to make follow-on investments or that the Funds will have sufficient funds to do so. Any decision by the Funds not to make follow-on investments with respect to a portfolio company or its inability to make such investments may have a substantial negative effect on a Fund's return on its investment in such portfolio company or may diminish such Fund's subsequent ability to influence such portfolio company.

Limited Diversification of Investments. Each of the Funds will make a limited number of investments which will be, or are, concentrated in Mexico and, to a lesser extent, Latin America. Moreover there is no assurance as to the degree of diversification that will be achieved in the Funds' investments, by industry or number of investments. If the capital raised by a Fund is less than the targeted amount, such Fund may invest in fewer portfolio companies and therefore be less diversified. A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by the Investors may be adversely affected by the unfavorable performance of a small number of these investments. In addition, since the Funds concentrate

their investments in Mexico, and to the extent that the Funds further concentrate investments in a particular industry, their investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto.

Time Required to Maturity of Investment. Each Fund is intended for long-term investors who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. The investments of the Funds are unlikely to provide current income, which is not an objective of the Funds. It is generally anticipated that there will be a significant period of time (up to five years or more) before each Fund has completed its investments in portfolio companies. Such investments typically take from three to ten years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of a Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of a Fund's investments will occur for a significant period of time following an Investor's investment.

The Funds' investments will be long-term, and there can be no assurance that each Fund will be able to realize its investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Illiquidity may result from the absence of an established market for investments as well as from legal or contractual restrictions on their resale by a Fund. In addition, debt market conditions may affect the ability of a prospective purchaser of a Fund's investments to obtain financing for such purchase.

General Economic and Market Conditions. General economic or market conditions may adversely affect the performance of the investments made by a Fund. Factors affecting economic conditions, including, for example, public market volatility, inflation rates, rising interest rates, currency fluctuations and devaluation, exchange rate fluctuations, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends, and innumerable other factors, none of which will be in the control of the Funds, the General Partners, the Adviser or the portfolio companies, can substantially and adversely affect the business and prospects of a Fund and the portfolio companies in which it has invested. A general economic downturn could also result in the diminution or loss of value of the investments made by the Funds due to a number of factors, including a reduced demand for the products produced or services provided by the portfolio companies. In addition, a downturn or contraction in the economy or in the capital markets, or in certain industries or geographic regions thereof, may restrict the availability of suitable investment opportunities for the Funds and opportunities to liquidate the Funds' investments on favorable economic terms, each of which would prevent the Funds from meeting its investment objectives.

Risks of Investment in Mexico. As mentioned above, a large concentration of each Fund's investments will be in portfolio companies which are located in, or principally earn their revenues from, Mexico. Investing in such companies involves particular risks and uncertainties, including (i) risks associated with the Mexican economy generally, (ii) currency exchange risks, including fluctuations in the rate of exchange between the U.S. Dollar and the Mexican Peso (which has been subject to large devaluations and depreciation in the past and may be subject to significant fluctuations in the future), (iii) risks associated with interest rates, which have generally been higher and more volatile in Mexico as compared to the United States, (iv) differences between

U.S. and Mexican accounting, auditing, financial reporting and corporate governance standards, practices and disclosure requirements, and less Mexican government supervision and regulation, (v) political risks, including potential exchange control regulations and restrictions on repatriation of capital, the risks of political, economic or social instability (including social unrest and other destabilizing events) and the possibility of expropriation or confiscatory taxation; (vi) the possible imposition of additional Mexican taxes on income and gains recognized with respect to such investments; and (vii) developments in other countries that could adversely affect the Mexican economy. Additionally, during recent years Mexico has experienced a period of increased criminal activity and violence, primarily due to organized crime. These activities, their escalation and the violence associated with them could have a negative impact on the business environment in which the Funds' portfolio companies operate, and therefore could materially and adversely affect the Funds' investments.

Volatility of the Mexican Economy. The Mexican economy has generally been more volatile than that of the United States. Mexican gross domestic product ("**GDP**") increased by 1.3% in 2013, increased by 2.3% in 2014 and increased by 2.5% in 2015. Mexican GDP growth fell short of Mexican government forecasts in 2015 and, according to Mexican government forecasts, Mexican GDP is expected to increase in a range between 2.6% and 3.6% in 2016. There can be no assurance that the Mexican economy will perform in line with the current expectations of the Manager or the Mexican government. If the Mexican economy does not meet GDP expectations or otherwise fails to perform well, the valuation of each Fund's investments will likely be materially and adversely affected.

U.S. Trade Policy. In recent months, certain U.S. free trade policies, including the North American Free Trade Agreement ("**NAFTA**"), have come under increased scrutiny and been subjected to sustained criticism by some politicians, regulators, commentators, and members of the general public. In the event that evolving attitudes toward free trade result in an amendment to NAFTA or other free trade agreements or result in a general tightening of U.S. trade policy, each Fund's investments or its ability to invest in Mexico and elsewhere in Latin America could be materially and adversely affected.

Restrictions on Foreign Investment in Mexico. Although the Mexican government has implemented certain liberal economic policies, there continue to be restrictions under the Foreign Investment Law on direct foreign investments in Mexican companies in a number of sectors, and such restrictions may limit each Fund's ability to make a sufficient number of suitable investments.

Developments in Other Emerging Market Countries or in the U.S. May Materially and Adversely Affect the Mexican Economy and a Funds' Investments. The market value of each Fund's portfolio companies, the social, economic and political situation in Mexico and the financial condition and results of the Funds' investments will be, to varying degrees, affected by economic and market conditions in other emerging market countries and in the United States. Although economic conditions in other emerging market countries and in the United States may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the fair market value or trading price of securities of Mexican companies, including the Funds' portfolio companies, or on their business.

Operations of Mexican companies, including the demand for their products or services, and the price or fair market value of their securities, have also historically been adversely affected by increases in interest rates in the United States and elsewhere. Economic downturns in the United States often have a significant adverse effect on the Mexican economy and other economies globally, which in turn, could materially and adversely affect the Funds' investments.

Uncertainty in Global Financial Markets Could Materially and Adversely Affect Financing Costs for each Fund and its Investments. The global financial markets continue to be uncertain and it is hard to predict for how long the effects of the global financial stress of recent years will persist and what impact this financial stress will have on the global economy in general or the Mexican economy. If access to credit tightens and borrowing costs rise, borrowing costs incurred by the Funds and their portfolio companies could increase materially. In addition, the Funds and their portfolio companies may enter into derivative transactions with large financial institutions, including contracts to hedge exposure to interest rates and foreign exchange, and could be materially and adversely affected by severe financial difficulties faced by counterparties.

Criminal Activity in Mexico.

Imposition of Fines by Regulators and Other Authorities. The Funds may invest in certain industries which are heavily regulated (such as transportation). Mexican and other Latin

American regulators and other authorities, including tax authorities, may impose substantial liabilities for the Funds and the Funds' portfolio companies' failure to comply with each of their respective laws or regulations, which could be significant in amount and which could materially and adversely affect the Funds' investments.

Risks Related to Minority Positions. For strategic or other reasons the Funds may enter into arrangements where third parties control assets or portfolio companies in which it acquires an interest. Disagreements with third parties that exercise control over assets or portfolio companies in which the Funds own an interest may limit the Funds' ability to bring about operating, strategic or other changes with respect to such assets or portfolio companies.

Adverse Consequences of Ownership of Controlling Interest in Portfolio Companies. The Funds may own a controlling percentage of the common equity of portfolio companies, which, depending upon the amount of equity owned by the Funds, contractual arrangements between the portfolio company and the Funds, and other relevant factual circumstances, could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the Funds. In addition, because of its equity ownership, representation on the board of directors (or similar governing body) and/or contractual rights, the Funds may be thought to control, participate in the management of or influence the conduct of portfolio companies. The exercise of such control may result in additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws), or other types of liability in which the limited liability generally applicable to business ownership may be ignored. If any of these liabilities were to arise, the Funds could suffer a significant loss. This could expose the assets of the Funds to claims by a portfolio company, its other security holders, its creditors or governmental agencies.

Leverage Increases Exposure to Loss; Hedging Risks. The General Partners expect that some of the Funds' investments will be leveraged. While utilization of leverage can be beneficial to investors, leverage creates risks. Leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns, or deterioration in the condition of the investment or its corresponding market. For example, if the interest expense on indebtedness exceeds the return on the assets financed by such indebtedness, a leveraged capital structure will result in lower net income than if the investment were not so leveraged. There can be no assurance that the Funds' operating entities will be able to meet their debt service obligations and, to the extent that they cannot, returns to the investors will be reduced and capital could be lost. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to its investments could result in a substantial loss to the Funds that would be greater than if the Funds' investments were not leveraged. In addition, each Fund is authorized, but not obligated, to enter into hedging transactions to hedge certain risks, including interest rate risks. Although such hedging transactions may reduce risks, there are additional risks associated with such transactions, including the risk that unanticipated changes in interest rates may result in a poorer overall performance for each Fund and its ongoing investments than if it had not entered into any interest rate hedge transaction. In addition, the company issuing a hedging instrument (i.e., the counterparty) may be unable to pay the amount due on such instrument.

Financing Risks. Investments may require various forms of financing. Material increases in interest rates could have a detrimental effect on investment returns. Further, a material increase in interest rates or risk margins during the term of a Funds could materially and adversely affect its ability to exit its investments. The inability to secure financing for investments could adversely affect a Fund's ability to achieve its investment objectives. Even if financing is available, there is no assurance that it will be available on favorable terms. If each Fund is unable to secure financing for its investments on favorable terms, its ability to implement successfully its investment strategy may be significantly affected and returns to investors may be reduced.

Refinancing Risks. The Funds may seek or be required to refinance certain of its investments. Due to changing market conditions, there exists a risk that lenders may decline the opportunity to refinance such investments or that the interest rate under any such refinanced loans may exceed the rate initially used to calculate the Funds' targeted return. In the event of such unfavorable refinancing, the overall return on the Funds' investments may be lower than the currently targeted return.

Generally, investing in securities involves risk of loss that Investors should be prepared to bear. There can be no assurance that any of the Funds' objective will be achieved or that the investment strategies the Adviser employs will be successful. Investors must be prepared to lose all or substantially all their investment in a Fund.

Item 9. Disciplinary Information

There are no legal or disciplinary events with respect to an evaluation of the Adviser's advisory services or the integrity of management.

Item 10. Other Financial Industry Activities and Affiliations

Neither the Adviser nor any of its management persons are registered, nor do any of the forgoing have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing.

In connection with sponsoring the Funds, the Adviser is also affiliated with the General Partners, which will receive the compensation described in Items 5 and 6 above. Other than the General Partners, the Adviser has no relationships or arrangements with any (1) broker-dealer, municipal securities dealer, or government securities dealer or broker; (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund); (3) other investment adviser or financial planner; (4) futures commission merchant, commodity pool operator, or commodity trading advisor; (5) banking or thrift institution; (6) accountant or accounting firm; (7) lawyer or law firm; (8) insurance company or agency; (9) pension consultant; (10) real estate broker or dealer; or (11) sponsor or syndicator of limited partnership.

The Adviser does not recommend or select other investment advisers for the Funds, receive compensation directly or indirectly from unaffiliated advisers that create a material conflict of interest, or have other business relationships with them that create a material conflict of interest.

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

The Adviser has adopted a written Code of Ethics (the “**Code**”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that Adviser employees execute personal securities trading in a manner that mitigates actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser requires (a) pre-clearance of purchases of securities in an initial public offering or a new private placement; (b) periodic reporting of employees' personal securities transactions and holdings; and (c) prompt internal reporting of Code violations. The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

As part of its Code, the Adviser has established procedures to reduce the abuse of material, non-public information, which include, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information, and, therefore, may not trade on the basis of that information.

Neither the Adviser nor any of its related persons recommends investments to the Funds in which the Adviser or any related persons have a material financial interest.

In connection with sponsoring the Funds, the Adviser and certain affiliates may have an economic

interest in the Funds, the General Partners or both. Other than with respect to these interests, neither the Adviser nor any of its related persons invest in the same or related securities that either the Adviser or its related persons recommend to the Funds.

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Transaction Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

Generally, the Adviser and its Principals expect to be restricted from managing Funds (other than the Funds they currently manage) with substantially the same investment objective as a Fund they intend to launch (subject to certain exceptions) during the new Fund's commitment period. However, it does not limit or restrict the Adviser or any Principal from engaging in any other business or rendering services to any other person and receiving compensation therefor. Such activities may include (i) serving on boards of directors or similar bodies, including those of the Fund's portfolio companies whereby it is possible that the Principal's fiduciary duties to the portfolio company and its shareholders as directors will conflict with the interests of the Fund; (ii) providing investment management and related services and advice to existing investment vehicles and accounts; (iii) raising other investment vehicles and accounts with different investment objectives; and (iv) engaging in the Adviser's other businesses (both existing and newly formed), if any. Conflicts of interest may arise in the day-to-day operations of a Fund and the businesses of other persons to which the Adviser provides services, including under circumstances where portfolio companies in which a Fund has invested may compete with companies owned by such other persons. Other Funds, vehicles or entities managed by the Adviser or its affiliates may co-invest alongside of a Fund. Finally, investments of the type that the Funds make or expect to make will require a substantial commitment of management time and resources. As a result, conflicts may arise in the allocation of management resources, and less attention may be paid to the affairs of a Fund than would otherwise be the case.

The Adviser expects to offer all investment opportunities that meet a Fund's investment criteria and are sourced during the investment period to that Fund and any vehicle or entity investing in parallel with that Fund. Notwithstanding the foregoing, any investment opportunity that falls within the investment objective of the Fund and the investment objective of any other existing Fund managed by the Adviser will be allocated among the Fund and the applicable existing Funds on a basis reasonably determined in good faith to be fair and reasonable. Certain co-investors and/or their affiliates may from time to time identify and present certain investment opportunities to the Adviser or its respective affiliates, which in turn may have been identified by third-party investment advisors, with the intention that the Adviser or its affiliates will manage such investment opportunities on such co-investor's behalf, and the Adviser shall have no obligation to offer such opportunities to the Fund. Additionally, if the Adviser or any of its affiliates

subsequently raise other Funds, the allocation of investment opportunities among the Fund and these other Funds will be made by the Adviser in a manner that it determines to be equitable under the circumstances.

From time to time a Fund may invest in portfolio companies in which other Funds or investment vehicles managed by the Adviser have already invested, and other Funds or investment vehicles formed by the Adviser may invest in portfolio companies in which the Fund has already invested. In general, the relevant General Partner will seek approval of an advisory committee comprised of representatives of Investors of the applicable Fund selected by the General Partner, in its sole discretion (the “LPAC”). However, Investors who are not represented on the LPAC will not have the opportunity to consent to any such investment, and may not receive prior notice thereof. The General Partner and its affiliates will determine the price at which the Fund, or such other Fund or investment vehicle managed by the Adviser, invests in such investment in a manner consistent with its fiduciary duty to the Fund and other applicable law. In general, this price may be based on cost, cost plus interest, or the fair market value of the Fund’s (or such other Fund or investment vehicle’s) investment in the portfolio company. Although in such a situation the Adviser and the relevant General Partner and its would act in a manner consistent with their fiduciary duties, they may face conflicts of interest such as an incentive to favor the Fund in which they stand to receive the most economic benefit, for example because they would be entitled to a greater carried interest in one Fund or because they own a greater interest in one Fund. Additionally, the Adviser, a General Partner and its affiliates may have conflicting fiduciary duties with respect Investors in different Funds.

From time to time a portfolio company in which a Fund has an interest may enter into a merger or other combination with a portfolio company of another Fund managed by the Adviser or its affiliates. In general, the relevant General Partner will seek approval of the LPAC before any such transaction occurs; however, Investors who are not represented on the LPAC will not have the opportunity to consent to any such transaction, and may not receive prior notice thereof. The General Partner will have a substantial role in determining the valuation at which such merger or other combination occurs, and may face conflicts of interest in doing so, which are similar to the conflicts of interest described in the paragraph above. In addition, from time to time portfolio companies of a Fund may enter into strategic alliances, tie-ups, expense sharing arrangements, co-promotion arrangements, profit-sharing arrangements, and other similar arrangements with portfolio companies of other Funds managed by the Adviser or its affiliates. In such circumstances, the applicable General Partner and its affiliates will endeavor to act in a manner consistent with their fiduciary duties to both Funds, but such fiduciary duties may at times conflict. Further, such arrangements can be complex and, despite the best efforts of all parties involved, may not always properly take into account all of the interests of all parties involved.

Further, there may be circumstances in which a portfolio company of a Fund engages in ordinary course business transactions with portfolio companies of other Funds managed by the Adviser or its affiliates. Such transactions may occur with or without the relevant General Partner’s knowledge, and may bestow a greater benefit (economic or otherwise) on one party than the other, and this could be detrimental to a Fund’s interests. The General Partner generally will not be required to seek LPAC approval of such transactions, unless they are material to a Fund as a whole and the General Partner has prior knowledge thereof. Unless the applicable General Partner or its affiliates engage in conduct for which they would not otherwise be indemnified pursuant to

the terms of the relevant limited partnership agreement, they will not be liable in connection with any such transaction.

Item 12. Brokerage Practices

The Adviser's investment strategy involves making investments in private equity investments. As a result, the Adviser does not select or recommend broker-dealers for the purchase and sales of securities. Furthermore, the Adviser does not maintain any trading accounts and does not use "soft" dollars received from broker-dealers from the purchase and sales of securities for its clients.

Item 13. Review of Accounts

The Adviser maintains comprehensive review procedures for the ongoing monitoring of the portfolio investments of the Funds. In connection therewith, the Adviser conducts periodic reviews of all portfolio company investments held by the Funds as it deems appropriate. All of the Adviser's investment and operational staff participate in the ongoing monitoring of the Funds' portfolio, although responsibilities vary by individual. Performance, security positions and investment opportunities are among some of the matters that may be reviewed. The Adviser provides written periodic financial reports, such as audited annual financial statements, to the Investors in the applicable Funds. This reporting includes customary financials relating to the business and operations of those Funds.

Item 14. Client Referrals and Other Compensation

As described in more detail in Item 5 – "Fees and Compensation", in addition to management fees payable and carried interest allocable to the Adviser and its affiliates, the Adviser and its affiliates may receive acquisition, monitoring, disposition and certain fees with respect to advisory and related services provided in connection with investments by its Clients.

Despite that the Adviser currently does not use a placement agent, it may enter into agreements with certain placement agents that provide for compensation to be paid for referring investors to the Funds. In the event that the Adviser chooses to engage a placement agent in the future, all such solicitation arrangements will be in compliance with Rule 206(4)-3 under the Investment Advisers Act. The Funds and their underlying Investors will not be responsible for any of the fees paid to the placement agents.

Item 15. Custody

The Adviser may be deemed under Rule 206(4)-2 of the Advisers Act to have custody of the assets of the Funds by virtue of its relationship with the General Partner. Each Fund's assets and securities will be held by qualified custodians except for any securities exempt from the requirement to be maintained at a qualified custodian (e.g., private stock certificates). As noted in Item 13 above, Investors in the applicable Funds will receive annual financial statements audited by an independent public accounting firm. Investors are urged to carefully review such statements.

Item 16. Investment Discretion

The Adviser will exercise discretion in managing the investments of the Funds, based on the Fund's investment objectives, policies and strategies disclosed in each Fund's Transaction Documents. The limitations on such authority are described in each Fund's Transaction Documents.

The Adviser will contractually assume discretionary authority over the assets of the Funds under an investment management agreement entered into among the Adviser, the Funds and each Fund's General Partner.

Item 17. Voting Client Securities

The Adviser's investment strategy involves private equity investments. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its clients.

Item 18. Financial Information

The Adviser does not require prepayment of Management Fees more than six months in advance. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.