

Part 2A of Form ADV: Genesis Park Management LLC - *Brochure*

Item 1 - Cover Page

June 30, 2018

Genesis Park Management LLC
2000 Edwards Street
Houston, Texas 77007
Phone – (713) 936-9577
www.genesis-park.com

This Brochure provides information about the qualifications and business practices of Genesis Park Management LLC. If you have any questions about the contents of this brochure, please contact us at (713) 936-9577. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Genesis Park Management LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information based on which you determine to hire or retain an investment adviser.

Additional information about Genesis Park Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

Genesis Park Management LLC (the “Adviser”) is a new registrant. Therefore, this is its initial “Brochure” with the SEC. In the future, this Item will discuss only specific material changes that are made to the Brochure and provide a summary of such changes. We will also reference the date of the last annual update of our Brochure.

Pursuant to SEC Rules, we will ensure that Clients (as defined in Item 4) receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Ms. Sumble Farooqi, the Adviser’s Chief Compliance Officer at (713) 936-9577.

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.

Item 3 - Table of Contents

Item 1 - Cover Page.....	i
Item 2 - Material Changes	ii
Item 3 - Table of Contents.....	iii
Item 4 - Advisory Business	1
Item 5 - Fees and Compensation	3
Item 6 - Performance-Based Fees and Side-By-Side Management.....	5
Item 7 - Types of Clients	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 - Disciplinary Information.....	19
Item 10 - Other Financial Industry Activities and Affiliations.....	20
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	22
Item 12 - Brokerage Practices	24
Item 13 - Review of Accounts.....	25
Item 14 - Client Referrals and Other Compensation	26
Item 15 - Custody	27
Item 16 - Investment Discretion.....	28
Item 17 - Voting Client Securities.....	29
Item 18 - Financial Information	30
Item 19 - Requirements for State-Registered Advisers	31

Item 4 - Advisory Business

- A. The Adviser is an investment advisory firm and private equity fund that was formed as a Delaware limited liability company in 2016. The Adviser is located in Houston, Texas and specializes in making private equity investments in lower middle-market companies and primarily targets control investments in the information technology, software, energy, telecommunications, financial and healthcare industries based in the southern United States. Genesis Park HoldCo LP is the sole member of the Adviser. Paul Hobby, Peter Shaper, and Steven Gibson serve as directors of the Adviser (the “Directors”).
- B. The Adviser provides investment advisory services on a discretionary basis to pooled investment vehicles (each a “Fund”, and collectively, the “Funds”) that the Adviser sponsors. Currently the Adviser advises the following Funds:

- Genesis Park II LP, a Delaware limited partnership

Typically, the Funds will be closed-end limited partnerships in which investors subscribe for limited partner interests. The Funds directly or indirectly invest primarily in the securities of privately-held companies. Each Fund may have different investment strategies and may have different investment restrictions. The purchase of the interests offered in each Fund is suitable for persons who can afford to hold the interests for an indefinite period and to assume the risks of and bear the possible loss of their entire investment in the interests.

The Adviser may also serve as the sponsor of entities that serve as feeder vehicles into the Funds. Additionally, in order to meet tax, regulatory or other requirements, certain investors may invest in substantially the same portfolio as the applicable Funds through specially formed investment vehicles, which also are advised by the Adviser.

From time to time, the Adviser may establish, on a transaction-by-transaction basis, investment vehicles and accounts through which certain persons may invest alongside one or more Funds (each such pooled investment vehicle and account, a “Co-Investment Vehicle”). Generally, when a Co-Investment Vehicle is established for a particular transaction, it is contractually required, as a condition of its investment, to exit its investment at the same time and on the same terms as the applicable Fund that also is invested in such transaction.

The Adviser’s only advisory clients are the Funds and certain feeder vehicles and Co-Investment Vehicles (collectively, the “Clients”).

- C. Investment advisory services include working with Clients to establish an investment objective and selecting portfolio investments utilizing the Adviser’s overall investment strategy, which focuses on making private equity investments in lower middle-market companies and primarily targets control investments in the information technology, software, energy, telecommunications, financial and healthcare industries based in the southern United States.

While the Adviser’s services with respect to each of its Clients generally follows the broad strategy described above, the Adviser may tailor the specific advisory services with respect to each Client to the individual investment strategy of such Client.

The terms upon which the Adviser will provide investment advisory services to each Client are established at the time such Client is established and are generally set out in a separate management agreement with such Client and in the limited partnership agreement, limited liability company agreement or other organizational document governing such Client. These terms, which vary among Clients, generally include restrictions on the types of securities and other assets in which the Client may invest, the amount of assets that may be invested in any portfolio company or industry, the industries in which the Client may invest and borrowing, among others. The Adviser also may enter into side letter agreements with certain investors in the Clients, establishing rights under, or supplementing or altering the terms of, the applicable limited partnership agreement, limited liability company agreement or other organizational document and subscription agreement relating to such Clients with respect to such investors. Once invested in a Client, investors cannot impose additional investment guidelines or restrictions on such Client.

- D. The Adviser does not participate in wrap fee programs.
- E. As of March 31, 2018, the Adviser manages approximately \$146,700,000 in regulatory assets under management, all of which is managed on a discretionary basis.

Item 5 - Fees and Compensation

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. In the future the Adviser may enter into different fee arrangements on a Client by Client basis.

The Adviser will generally receive management fees and/or performance-based fees (also known as carried or profits interests) (assuming certain regulatory requirements are satisfied) in connection with the advisory management services that the Adviser provides to its Clients. Management fees, performance fees and any other compensation payable to the Adviser or its affiliates for such services by a Client and its investors are generally negotiated with each Client (or its underlying investors) and will depend on a number of factors as discussed below. The fees and other compensation payable by each Client (or its underlying investors) are described in each such Client's partnership agreement or other governing documents.

Management Fees. The management fees we receive will be based on committed or invested capital in accordance with the terms of the partnership agreement or other governing documents of the applicable Client and/or a separate investment management agreement. Our current management fees will typically be up to 2% of capital committed to the relevant Client during the investment period of such Client and up to 2% of unreturned invested capital remaining following the termination of the investment period of such Client. As more fully described below, management fees payable to the Adviser by certain Clients may be reduced by certain other compensation received by the Adviser or its affiliates that relate to the relevant Client and its activities or by certain organizational, offering and other expenses borne by the Client.

Additionally, and detailed in a Fund's governing documents, the sum of (i) 80% of the sum of (A) portfolio company board fees (net of related expenses), plus (B) the aggregate amount of any other fees (net of any related expenses) received by the general partner of a Fund or the Adviser or their respective affiliates, from or through portfolio or prospective acquisition targets for sourcing and oversight on behalf of portfolio investments, including advisory fees, consulting fees, monitoring fees, brokers' and finders' fees, transaction fees and investment banking fees, and to the extent attributable to the Fund investments (as determined by the general Partner), plus (C) net breakup fees, if any, from broken deals, plus (ii) 100% of litigation payments, if any, from broken deals, shall be applied to reduce the amount of future management fees and/or, in the general partner's discretion, other Fund expenses (collectively, "Offset Fees"); provided, however, that bona fide compensation to employees of the Adviser or their respective affiliates for services to portfolio companies will be excluded from Offset Fees to the extent (y) for services not otherwise provided by or required to be provided by or on behalf of the general partner of the Fund or the Adviser or their respective affiliates and (z) paid or reimbursed by such portfolio companies.

Carried Interest. The general partners or special limited partners that are affiliates of the general partners, of each Client typically receive carried interest allocations from such Client of up to 20% of distributable cash, determined with respect to each Client on a whole fund basis. Carried interest allocations may be subject to preferred return hurdles and/or claw-back obligations, depending on, among other things, the strategy of the relevant Client and market terms at the time of the Client's formation.

As indicated above, the fees and other compensation payable to the Adviser by its Clients are established at the time of the formation of the relevant Client and negotiated with participating investors prior to their investment. Specific details of such compensation and expenses, and their method of calculation are set out in the offering materials, disclosure documents and governing documents of the relevant Client and, as indicated, may vary from Client to Client. Once the relevant Client has been established and commenced operations, such compensation and expenses are generally not negotiable, although we may, from time to time, enter into side letter agreements or other arrangements with specific investors in certain Clients whereby such investors receive reductions of management fees or other compensation otherwise payable with respect to their investment in such Clients.

- B. Management fees typically will be calculated and paid semi-annually in advance in January and July, subject to the terms of the relevant governing documents applicable to each Client. The general partners of each Client may make capital calls on investors in such Client for the amount of our management fees and remit the amounts received to the Adviser.
- C. Each Client (and its underlying investors) will typically pay or otherwise bear all legal and other third party out-of-pocket organizational and offering expenses incurred in the formation of such Client and its related entities. Investors in the Funds will typically, and investors in other Clients may, 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 governing documents of the relevant Client. In addition, investors in each Client are responsible for expenses related to the operation of such Client, which may include but are not limited to legal, accounting, transaction related travel, tax, audit, bank line interest, annual meeting, insurance, brokerage, investment banking, and dead deal costs, and are described in each Client's partnership agreement or other governing documents.

Additionally, certain Offset Fees (as more fully discussed above) will be charged.

The Adviser does not maintain any trading accounts and does not use "soft" dollars.

Please refer to Item 12, Brokerage Practices, for more information.

It is critical that investors and prospective investors refer to the respective Fund's disclosure documents (as applicable) and/or governing documents for a complete understanding of how the Adviser and the applicable general partner, special limited partner or carry partner are compensated for advisory services. The information contained herein is a summary only with respect to current Fund client(s) and is qualified in its entirety by the applicable Fund's disclosure documents and/or governing documents.

- D. Subject to the terms of the applicable Client organizational documents and/or separate investment management agreements, (i) Client management fees are typically payable semi-annually in advance, (ii) the Adviser will refund any pre-paid management fees by a Client if the advisory contract with such Client is terminated before the end of the billing period, and (iii) management fee refunds are typically calculated on a pro-rata basis for partial periods.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, the Adviser or its affiliates may receive performance-based fees (sometimes referred to as “carried interest”) or allocations from certain Clients. 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. The terms of the performance-based fees may also give the general partners or managers of the Clients an incentive to make decisions regarding the timing and structure of realization transactions that may not be in the best interests of investors. Although certain of the Client governing documents contain “claw-back” provisions requiring the general partner or special limited partner or carry partner of such Clients to return excess distributions to investors in the event the carried interest recipient receives more than its carried interest percentage of profits on an aggregate basis over the life of the Client, the return of such distributions to the investors would generally be delayed until the end of the Client’s term.

To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. Additionally, we manage each Fund in accordance with the investment strategy disclosed in such Fund’s private placement memorandum to help ensure that investors are aware of the investment strategy and the risks associated with the strategy. The private placement memorandum of each Fund contains further details regarding the carried interests of such Fund, and risks and strategy.

Item 7 - Types of Clients

The Adviser provides investment advisory services to the Funds, which are pooled investment vehicles organized as private funds -- entities that are investment partnerships or other investment entities formed under domestic or foreign laws and are exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition, the Adviser provides investment advisory services to the other non-Fund Clients described above in response to Item 4.

Generally, investors participating in the Clients are required to meet certain suitability and net worth qualifications, including qualifying (a) as an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), (b) as a "qualified client," for purposes of the Advisers Act, or (c) as a "knowledgeable employee" within the meaning of Rule 3c-5 of the Investment Company Act, depending on the applicable eligibility requirements of the respective Client.

The Clients are or may be invested in by a broad range of U.S. and non-U.S. investors, including, among others:

1. Individual investors;
2. Private retirement and profit sharing plans;
3. Trusts;
4. Charitable foundations;
5. Educational endowments;
6. Corporations and investment partnerships;
7. Hedge funds;
8. Funds of funds; and/or
9. Other business entities.

The Funds generally have specified minimum investment amounts set forth in their respective offering materials, disclosure documents and/or governing documents. This amount is generally at least \$3 million, but lower capital commitments may be accepted in the discretion of the general partner of each Fund.

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

- A. As stated in Item 4, the Adviser is a Houston based lower middle market buyout firm with a focus on investments in Texas and other parts of the southern U.S.

Specifically, Genesis Park II LP (the “Fund”) seeks to invest in growing companies that have not realized their full potential and need to improve management capabilities or resolve meaningful issues. The Adviser’s objective is for the Fund to primarily make investments that provide controlling interests in companies with \$2 million to \$20 million in EBITDA, and to proactively source at least one-half of the Fund’s investments based on specific themes. In the instances in which the Fund makes investments in minority positions in companies, the Adviser intend possess certain negative controls in order to mitigate downside risks.

The Fund will focus on lower middle market investments because the Adviser believes that such investments will, as they have in the past, generate better ROI than pure venture or “big check” private equity investments. Many of the companies within the Fund’s target range for investments are expected to require more focused and hands-on attention in logistics, procurement, enterprise resource systems improvement, sales and talent recruitment.

The Fund will target investments in companies that meet the following criteria:

Growth at Entry. The immediate past is strong evidence of the immediate future. Is the market growing? Can management grow the business sustainably? Are customers finding value in the product? One measure of this topic is the “Revenue Algorithm” or the retention/pricing power ratio. Retention measures how well a company holds on to customers (“stickiness”), while pricing power measures the ability to raise prices without competitive loss. Healthy gross margins tend to be a validation of this test.

Market Leadership or Proven Disruptors. Even a stagnant market leader has both time and market awareness that can be exploited if investment can be made at a valuation that reflects its sleepy current situation coupled with a plan to reestablish momentum. A proven disruptor, on the other hand, needs a growing market segment, a sustainable advantage, customer validation (as opposed to success in the lab), and a sleepy market leader.

Positive or Negative Control. We believe that effecting operational improvements at portfolio companies or recruiting quality talent is difficult without some form of control. Outright majority investment is obviously the simplest way to achieve that goal. In some situations, however, we will join a “control syndicate” of like-minded investors, or create a debt security that commands attention from the majority holder (usually a founder).

Recurring Revenues. We believe that service businesses with a base of predictable revenues that can be built upon month-over-month will be more financeable and more saleable on exit. “One-Time-Only” revenue businesses, such as hardware vendors or contractors that are constantly replacing revenue while they try and grow their top line are less desirable.

Opportunities to Add Value. The Fund will not pursue any investment unless we can clearly identify how our experience and relationships are expected to add value. We do not intend for the Fund to make investments with returns that are solely dependent on changes in the market or commodity prices.

Not every investment will score at 100 percent in every category, but these are the key components we use to evaluate a given opportunity.

PLEASE NOTE THAT INVESTING IN SECURITIES INVOLVES RISK OF LOSS THAT ALL CLIENTS, AND CLIENT INVESTORS, SHOULD BE PREPARED TO BEAR.

B. IT IS CRITICAL THAT INVESTORS AND PROSPECTIVE INVESTORS REFER TO THE RESPECTIVE CLIENT'S DISCLOSURE DOCUMENTS AND/OR GOVERNING DOCUMENTS FOR A COMPLETE OVERVIEW OF SUCH CLIENT'S INVESTMENT STRATEGY AND THE ADVISER'S METHODS OF ANALYSIS. THE FOLLOWING RISK FACTORS ARE GENERALLY APPLICABLE TO INVESTORS IN THE CLIENTS. ADDITIONAL RISKS THAT ARE SPECIFIC TO AN INVESTMENT IN EACH CLIENT ARE SET FORTH IN THE PRIVATE PLACEMENT MEMORANDUM AND OTHER OFFERING MATERIALS FOR SUCH CLIENT.

No Assurance of Investment Return; Possible Loss of Entire Investment. The general partner cannot provide any assurance that it will be able to choose or cause the Fund to make or realize investments in any particular portfolio company. Similarly, there can be no assurance that the Fund overall will be able to generate returns for the fund investors (the "Limited Partners") or that the returns will be commensurate with the risks of investing in the types of investments the Fund will be targeting. Nor can there be assurance that any Limited Partner will receive any distribution from the Fund. Therefore, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Prospective investors are cautioned that past performance of other investment entities associated with any of the managers of the general partner or their respective positions with other organizations is not necessarily indicative of future results and provides no assurance of future success with respect to the Fund.

Nature of Fund Investments Generally. Most portfolio investments will be highly illiquid, and there can be no assurances that the Fund will be able to realize a return on such investments in a timely manner or at attractive prices. The sale of any such investments may be subject to delays and additional costs and may be possible only at substantial discounts. As a result, investment in the Fund requires a long-term commitment, with no certainty of return. It is unlikely that there will be near-term cash flow available to the Limited Partners. In some circumstances, Limited Partners may receive distributions in kind. The illiquidity of the Fund's investments is attributable to several factors, including the following: portfolio investments will involve the purchase of privately-issued securities that cannot be sold except pursuant to a registration statement filed under the Securities Act or pursuant to an exemption from registration thereunder (which may be prohibitively expensive or otherwise restricted or unavailable). There can be no assurances that private purchasers will be found for the Fund's investments or that a market for the securities held by the Fund would exist even following registration.

The cultivation of a portfolio investment for disposition, together with the disposition itself, may involve a substantial amount of time. Even when a portfolio investment is successfully disposed of, some of the consideration may be deferred through the use of earn-outs, promissory notes, escrows, holdbacks and other similar arrangements. A substantial portion of the portfolio investments will be in equity or equity-related securities that by their nature involve business, financial, market and/or legal risks. While such investments may offer the opportunity for significant returns on investment, they also involve a high degree of risk and can result in substantial losses. There can be no assurance that the Fund will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Fund's activities. As a result, the Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. The Fund plans to invest primarily in small-to-medium-sized companies. Some of these companies may not have long or consistent operating histories. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by the Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more susceptible to financial failure. The general partner and the Adviser will have limited ability to evaluate future performance of companies with relatively short operating histories, and such companies may experience start-up or growth related difficulties that are not faced by more established companies. The Fund has not established any minimum capitalization or operating history for the companies in which it will invest.

The general partner and the Adviser may frequently be required to undertake investment analyses and decisions on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the general partner and the Adviser at the time of making an investment decision may be limited, and the general partner and the Adviser may not have access to detailed information regarding the dynamics of the relevant market, management performance, historical and projected financials, customer, supplier or partner references or other company-specific analyses. Therefore, no assurance can be given that the general partner and the Adviser will have knowledge of all circumstances that may adversely affect an investment.

The Fund may make portfolio investments that may not offer an opportunity to be disposed of prior to the expiration of the Fund's term. Although the general partner expects that investments will either be disposed of prior to such time or otherwise be suitable for in-kind distribution upon the Fund's dissolution, the Fund may have to sell, distribute or otherwise dispose of portfolio investments at a disadvantageous time as a result of the Fund's dissolution, or may be unable to do so if such investments are not sufficiently liquid at such time. In addition, upon the dissolution of the Fund, there can be no assurances with respect to the timeframe within which the winding up and the final distribution of proceeds to the Limited Partners will occur.

Lack of Operating History; Relevance of Previous Investment Experience. The Fund and the general partner are newly formed entities with no operating history upon which to evaluate the Fund's likely performance. The prior investment results of the Adviser, the general partner managers or any other person or fund described herein are provided for

illustrative purposes only and are not indicative of the Fund's future investment results. The nature of and risk associated with the portfolio investments, the investment and divestment decision-making processes, and the financing and investment terms and targets may differ materially from those investments and strategies undertaken historically by the Adviser, the general partner managers or any other person or fund described herein. Past performance is not indicative of future performance. There can be no assurance that portfolio investments will perform as well as the past investments of the Adviser, the general partner managers or any other person or entity described herein or that the Fund will be able to avoid losses.

Highly Competitive Market for Investment Opportunities. The Fund will be dependent solely on the general partner and the Adviser to identify suitable investments. The business of identifying and structuring transactions in the Fund's target market is, and is likely to remain, highly competitive. A number of established funds and strategic purchasers with more generalized investment capabilities are active in the Fund's target market. As global efforts are made to respond to anticipated future population growth, economic development and increased urbanization, and the effects of each of the foregoing, the number of funds and other sources of investment capital that have similar investment objectives to those of the Fund, or that target similar investment opportunities, is likely to increase, and such funds may have more purchasing and negotiating power than the Fund. In addition, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Therefore, identification of attractive and suitable investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense. There can be no assurances that there will be a sufficient number of suitable investment opportunities to enable the Fund to invest all of its capital commitments in opportunities that satisfy the Fund's investment objectives, or that such investment opportunities will lead to completed investments by the Fund.

Board Participation; Risk Associated with Control Positions. It is anticipated that the Fund will be represented on the boards of directors or management committees (collectively, "Portfolio Boards") of most of its portfolio companies and, as such, may have duties to persons other than the Fund. While such representation may be important to the Fund's investment philosophy and should enhance the Fund's ability to manage its investments, it may also have the effect of impairing the Fund's ability to sell the related securities when, and upon the terms, it might otherwise desire, including as a result of applicable securities laws. Having representatives serving on Portfolio Boards could expose the assets of the Fund to claims by a portfolio company, its security holders or its creditors. In addition, the exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over a portfolio company could likewise expose the assets of the Fund to claims by such portfolio company, its equity-holders, and its creditors. While the general partner intends to manage the Fund in a manner that will minimize the exposure of the foregoing risks, the possibility of successful claims cannot be eliminated.

Third-Party Litigation. The Fund's investment activities, particularly its exercise of control over certain portfolio companies, will subject the Fund, the general partner, the Adviser and their affiliates (including the general partner managers) and their respective employees to the risk of becoming involved in litigation, particularly claims and suits brought by portfolio companies, their equity-holders, their creditors and others and brought against

directors and other controlling persons of the portfolio companies, and there cannot be any assurance that such claims and suits will not be instituted. Generally, it is anticipated that investments made by the Fund will be structured to require that the portfolio company provide indemnification for any claims or suits brought against the Fund, the general partner, the Adviser and their affiliates (including the general partner managers) and their respective employees. However, there can be no assurance that such indemnification will be sufficient to fully cover all such liabilities and costs. In addition to any portfolio company indemnification, the Fund will, subject to the terms of the partnership agreement, fully indemnify the general partner, the Adviser, the general partner managers and their respective officers, employees, directors, agents, stockholders, members, managers and partners, and any other person who serves at the request of the general partner on behalf of the Fund as an officer, director, partner, manager, employee or agent of any other entity. To the extent indemnification from a portfolio company is not available and the costs exceed or are not covered by insurance, the Fund's indemnification obligations under the partnership agreement would be called upon. Accordingly, the Fund could be materially and adversely affected by its obligation to fund such indemnification.

Borrowing. The general partner may cause the Fund, in the general partner's discretion, to borrow money, or to guarantee loans or other extensions of credit, (a) made to any portfolio company or Fund acquisition entity or in connection with any portfolio investment, (b) for the purpose of paying fund expenses (including management fees) and (c) to provide interim financing to the extent necessary to consummate portfolio investments prior to the receipt of capital contributions. Although the general partner would seek to cause the Fund to borrow funds in a manner it believes is prudent, the use of borrowed funds may involve a high degree of financial risk. In addition, borrowings by the Fund will expose the Fund to interest rate risk, and the Fund may be less likely to be profitable or to meet its investment objectives if interest rates increase. If the Fund does not receive sufficient cash flow from its investments to meet principal and interest payments on any such borrowings, the Fund may need to dispose of its portfolio investments sooner or at a lower price than it otherwise would have in order to pay the debt. Borrowings by the Fund have the potential to enhance overall returns that exceed the Fund's cost of funds; however, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. Additionally, the Fund may guarantee loans or other extensions of credit made to a portfolio company or in anticipation of a portfolio investment.

Bridge Financing. Subject to certain limitations set forth in the partnership agreement, the Fund may provide temporary financing in connection with one or more portfolio investments. The Fund will bear the risk of any changes in capital markets, which may adversely affect the ability of a portfolio company to refinance any such temporary financing. If a portfolio company were unable to complete any such refinancing, the Fund may be required to retain a long-term investment in a junior security or in a security that may be converted into equity.

Leverage. Certain portfolio investments may be in portfolio companies with significant levels of debt. In addition, the Fund may increase the leverage of a portfolio company by using promissory notes or other indebtedness issued by the portfolio company as part of the purchase consideration. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Although the general partner will seek to cause the Fund to use leverage in a manner the general partner believes is prudent, the leveraged capital structure of portfolio companies will increase the exposure of those companies to adverse economic factors such as rising interest rates, downturns in the

economy or deterioration in the condition of the portfolio company or its industry. Because the securities in which the Fund will invest will likely be junior in a portfolio company's capital structure to outstanding indebtedness and potentially existing securities, the inability of a portfolio company to service its debt obligations could result in a loss of the Fund's investment.

Lower Middle-Market Companies. The Fund's investments will include investments in lower middle-market companies. Although investments in lower middle-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Among these risks are: (i) limited product lines, markets and financial and other resources; (ii) dependence on additional financing; and, (iii) a more limited marketplace for the sale of Interests and relative illiquidity.

Investment Expenses/Broken Deal Expenses. The Fund's investments may require extensive due diligence, legal and other costs prior to their consummation and may be subject to broken deal expenses if they are not consummated. The Fund will pay any fees, costs and expenses incurred in developing, investigating, negotiating or structuring any investment opportunities it pursues, whether or not such investments are ultimately consummated. In addition, the Fund may enter into agreements that involve payments, such as reverse break-up fees, by the Fund if it does not consummate the transaction. These expenses can be significant and may be material to the Fund. The Fund may incur significant expenses in connection with proposed investments that are not consummated without the opportunity for gain or recoupment of such expenses, which expenses may be incurred directly or pursuant to the Fund's obligation to reimburse the general partner or the Adviser for any such expenses advanced by it.

Portfolio Company Projections. The general partner and the Adviser will establish the capital structure of portfolio companies based on financial projections. These projections will be based upon certain assumptions and upon information provided by and judgments made by management of the relevant portfolio company. These projections will be only estimates of future results and, therefore, there can be no assurance that the projected results will be achieved. Actual results may vary significantly from the projections, and general economic conditions and other factors outside the control of the general partner and the Adviser may negatively impact the reliability of the financial projections.

Minority Investments. A portion of the Fund's portfolio investments may represent minority interests in portfolio companies, and the Fund may hold minority voting positions on certain Portfolio Boards. While the Fund will seek to obtain appropriate minority protections as a condition to making a non-controlling investment, there may be situations in which the Fund elects to make investments where it may have limited ability to protect its position in such portfolio companies.

Co-Investments with Third Parties. The Fund may co-invest with third parties through joint ventures, partnerships or otherwise. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund or may be in a position to take or prevent action in a manner contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third-party co-investors. In circumstances where such third parties involve a

management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Risks Associated with Follow-On Investments. Following its initial investment in a portfolio company, the Fund may be presented with the opportunity, or may be required, to make additional, “follow-on” investments in such portfolio company, either for regulatory reasons, because the portfolio company’s performance or liquidity have been below expectations or because additional capital is required to fund growth. There can be no guarantee that the Fund will desire to make follow-on investments or that it will have sufficient funds to do so. Any decision by the Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment and may dilute the Fund’s existing investment therein or may diminish the Fund’s ability to influence the portfolio company’s future development.

Lack of Diversification. While, in general, no more than 20% of the aggregate capital Commitments will be invested in any one portfolio company at any one time, the Fund, by its nature, will only make a limited number of portfolio investments, and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single portfolio investment. In addition, because the Fund’s investments may be concentrated within one or more industry sectors, an investment in the Fund may be subject to greater market fluctuations than an investment in a portfolio representing a broader range of industry sectors. Further, the Fund may make portfolio investments concentrated in particular geographic areas. This concentration could disproportionately expose the Fund to operational and regulatory risk in those areas, and adverse economic developments in the areas of the portfolio investments could have a significantly greater impact on the Fund’s overall performance than if the Fund’s investments were more geographically diversified.

Restrictions on Transfer and Withdrawal; No Market for Limited Partnership Interests. The Interests are generally not transferable except with the consent of the general partner, which may, in most instances, be withheld by the general partner in its sole discretion and will be subject to the terms and conditions of the Partnership Agreement. Limited Partners generally may not withdraw capital from the Fund and therefore may not be able to liquidate their investments prior to the end of the Fund’s term. In addition, the Interests have not been registered under the Securities Act, the securities laws of any U.S. state thereof or the securities laws of any other jurisdiction, and therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be effected. There is no public market for the Interests and one is not expected to develop. Accordingly, an investment in the Fund is suitable only for investors with no immediate need for liquidity of the amount invested and who can withstand a loss of their entire investment in the Fund.

Reliance on the General Partner, the Adviser and the General Partner Managers. The Fund will be managed exclusively by the general partner, and the execution of the Fund’s investment objectives will be implemented exclusively by the general partner and the Adviser. Other than as may be set forth in the partnership agreement, the Limited Partners will not participate or otherwise have input with respect to investment or any other decisions of the Fund. Limited Partners will be relying on the ability of the general partner and the Adviser to select the investments to be made using the capital available to the Fund.

The success of the Fund will depend in large part upon the skill and expertise of the general partner managers and other key employees of the general partner and the Adviser. There can be no assurance that any of such individuals will continue to be associated with or employed by the general partner or the Adviser throughout the life of the Fund. The loss of key personnel could have a material adverse effect on the Fund. Within the general partner and the Adviser, the economic, voting and other rights of the individual members of the general partner and the Adviser will be determined by agreement among the general partner managers and will be subject to change, without notice to the Limited Partners, from time to time. The general partner and the Adviser plan to rely on the experience of the general partner managers for advice, industry contacts, deal flow, technical expertise or other benefits. Under most circumstances, such persons will have no contractual or other obligation to continue to provide such services. In evaluating an investment in the Fund, prospective investors should not depend upon any specific benefits accruing to the general partner, the Adviser or the Fund from the services of any such individuals.

Limited Access to Information. Limited Partners' rights to information regarding the Fund will be specified and limited in the partnership Agreement. In particular, it is anticipated that the general partner and the Adviser will obtain certain types of material information from portfolio companies and prospective investments that will not be disclosed to Limited Partners because such disclosure is prohibited for contractual, legal or similar obligations outside of the general partner's control. Decisions by the general partner to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example, a Limited Partner that seeks to transfer its Interest may have difficulty determining an appropriate price for such interest. Decisions to withhold information also may make it difficult for Limited Partners to monitor the general partner and the Adviser and their performance. Additionally, it is expected that Limited Partners who designate representatives to participate on the advisory board may, by virtue of such participation, have more information about the Fund and the portfolio investments in certain circumstances than other Limited Partners generally and may have information disseminated to them in advance of communication to other Limited Partners generally.

Side Letters. The Fund may enter into side letter agreements or other similar agreements with certain Limited Partners ("Side Letter Agreements") without the approval of any other Limited Partner that will result in different terms of an investment in the Fund than the terms applicable to the Limited Partners generally. Pursuant to such Side Letter Agreements, certain Limited Partners may receive additional benefits that other Limited Partners will not receive (e.g., lower management fees or carried interest rates and rights with respect to co-investments). The general partner will not be required to notify the other Limited Partners of any such Side Letter Agreement or any of the rights, terms or provisions thereof, nor will the general partner be required to offer any such additional or different terms or rights to any other Limited Partner. Any rights established, or any terms of the Partnership Agreement altered or supplemented, in a Side Letter Agreement shall govern solely with respect to the Limited Partner party thereto (but not any of such Limited Partner's assignees or transferees unless so specified in such Side Letter Agreement), notwithstanding any other provision of the Partnership Agreement. The general partner may cause the Fund to enter into a Side Letter Agreement with any Limited Partner at any time in its sole discretion. If compliance with any of the provisions of any Side Letter Agreements or similar written agreements would cause the Fund, the general partner or any of their respective affiliates to violate their respective fiduciary duties or obligations or to violate any applicable laws, any non-compliance with any such provision will not be deemed to be a breach of such Side Letter Agreements or similar written agreements.

Risk of Few Full-Time Employees. The size of the Fund will limit the number of employees required to support the business development, due diligence and management attention to the Fund's investment activities. The Fund or its affiliates may employ other professionals who may not be required to devote all or any specified portion of their time to the Fund's affairs, but only to devote so much of their time to the Fund's affairs as they determine to be necessary to accomplish the Fund's purposes and to properly conduct the Fund's operations. Conflicts may arise in the allocation of these professionals' time among the Fund and any of their other obligations. There can be no assurance that these professionals will continue to be associated with the Fund or its affiliates. It is anticipated that the key persons and certain of the investment professionals to be retained by the general partner or the Adviser will be the only employees who will dedicate their full attention to the Fund's investment activities, and in certain cases, subject to their concomitant obligations with respect to existing funds or entities with which they are affiliated. The Fund's success will depend to a large extent on the efforts, experience and expertise of the key persons and a limited number of other investment professionals. The interests held by the key persons and such other investment professionals in the Adviser and the carry partner should tend to discourage such persons from withdrawing from participation in the Fund's investment activities. However, there can be no assurance that the key persons or such other investment professionals will continue to be associated with the Adviser and the carry partner throughout the term of the Fund or that such persons will continue to be able to carry on their respective duties through the term of the Fund. The loss of a key person's services could harm the Fund's ability to realize its investment objectives and have a material adverse effect on the Fund's operations.

Recourse to the Fund's Assets. The Fund's assets, including its portfolio investments and capital commitments, are available to satisfy all Fund liabilities and other obligations. Parties to which the Fund is liable may have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the investment giving rise to the liability.

General Economic and Market Conditions. General economic conditions may affect the Fund's activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities, participation by other investors in the financial markets and other factors outside the Fund's control may affect the value and number of portfolio investments. Instability in securities and debt markets may increase the risks inherent in the portfolio investments and may restrict the availability of debt financing for portfolio company activities. Adverse market reactions could have adverse effects on the private equity industry generally, and on the operations and success of the Fund and its investments. There can be no assurance that conditions in the global or domestic financial markets will not worsen or adversely affect one or more of the Fund's portfolio companies (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance. The Fund's investment strategy and the suitability of investment opportunities rely in part on the continuation of certain trends and conditions observed in the financial markets and, in some cases, the improvement of such conditions. Trends and historical events do not imply, forecast or predict future events, and past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the general partner or the Adviser will prove correct, and actual events and circumstances may vary significantly. The general partner may determine to delay realization events to the Limited Partners as a result of general economic conditions,

illiquidity of portfolio investments, contractual prohibitions or other reasons mentioned herein.

Cybersecurity. The general partner, the Adviser, the Fund and the portfolio companies may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the Limited Partners and the Fund's investment activities or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to the general partner, the Adviser's, the Fund's and/or the portfolio company's operations and could have a material adverse effect on their reputations, financial positions, results of operations or cash flows, could lead to financial losses from remedial actions, loss of business or potential liability or could lead to the disclosure of Limited Partners' personal information. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The Adviser's or a portfolio company's controls and procedures, business continuity systems and data security systems could prove to be inadequate. These problems may arise in both the Adviser's or a portfolio company's internally developed systems and the systems of third-party service providers.

Hedging. The Fund may cause its portfolio companies to utilize instruments such as currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of their positions as a result of changes in interest rates and currency exchange rates. Such hedging transactions may also limit the opportunity for gain. The success of hedging transactions will be subject to the ability of the portfolio companies to correctly predict movements in and the direction of interest rates and currency exchange rates. Unanticipated changes in interest rates and currency exchange rates may negatively impact the overall performance of the Fund. In the event of an imperfect correlation between a position in a hedging instrument and the position that it is intended to hedge, the desired protection may not be obtained and the Fund may be exposed to additional risk of loss. Additionally, a portfolio company may elect not to hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills that are separate from the skills used in managing the Portfolio Companies generally.

- C. Reliance on Portfolio Company Management. While it is the intent of the Fund to invest in portfolio companies with strong and stable management teams in place, there can be no assurance that such management teams will continue with the respective portfolio companies or be able to operate such portfolio companies successfully. Furthermore, although the general partner, the Adviser and their respective affiliates will monitor the performance of each portfolio company, such portfolio company's management team will have primary responsibility for operating such portfolio company on a day-to-day basis. portfolio company management teams and not the general partner or the Adviser, will generally be responsible for managing regulatory, compliance and legal risks at the portfolio companies, including, without limitation, tax, ERISA, pension, environmental, anti-bribery, anti-corruption and jury verdict risks. Such risks and liabilities could result in substantial costs to a portfolio company or even cause bankruptcy.

- D. Financial and Other Fraud. Instances of fraud and other deceptive practices committed by senior management or owners of portfolio companies in which the Fund invests may undermine the general partner's and the Adviser's due diligence efforts with respect to such portfolio companies and, if such fraud is discovered, negatively affect the valuation of the Fund's investments. In addition, when discovered, financial fraud could negatively impact the Fund's and the Adviser's reputation, which could negatively impact the Fund's investment program. In the event of fraud by or within any portfolio company, the Fund may suffer a partial or total loss of its investment in the company. Management teams, including CEOs, may underperform or commit bad acts and the cost of replacing them could be high.
- E. Contingent Liabilities of Investments. Most of the Fund's investments will involve private securities. In connection with an investment in private securities, the Fund may assume or acquire a portfolio company subject to contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations or environmental actions, among other things. To the extent these liabilities are realized, they may materially and adversely affect the value of a portfolio company. In addition, if the Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Fund, including the unfunded capital commitments of the Limited Partners.
- F. Risks Upon Disposition of Portfolio Investments. In connection with the disposition of a portfolio investment, the Fund will likely be required to make representations about the business and financial affairs of the portfolio investment typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund will likely also be required to indemnify the purchasers of such investment or underwriters to the extent any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which may be required to be borne by the Fund, and which might ultimately be required to be funded from assets of the Fund, including the unfunded capital commitments of the Limited Partners. The partnership agreement contains provisions to the effect that, if there is any such claim in respect of a portfolio investment, the resulting indemnity obligations will be funded by the Partners from unfunded capital commitments and, if necessary, to the extent that they have received distributions from the Fund, by recalling such distributions, subject to certain limitations set forth in the partnership agreement.
- G. Bankruptcy of Portfolio Companies. The Fund may make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. federal and state laws in connection with such bankruptcy proceedings could operate to the detriment of the Fund. There is also a risk that a court may subordinate the Fund's investment to other creditors or require the Fund to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if the Fund has management rights in such portfolio company. Even after the end of bankruptcy proceedings there may remain contingent liabilities, which may involve disputes or litigation requiring payment to third parties.
- H. Risks Related to Due Diligence and Conduct at Portfolio Companies. Before the Fund makes an investment, the general partner or the Adviser will conduct, or cause to be conducted, such due diligence as it deems reasonable and appropriate, based on the facts

and circumstances applicable to such investment. Such due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues as well as background investigations of individuals. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to reduced control of the functions that are outsourced. In addition, if the Fund is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the Fund will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The Fund's due diligence investigation with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that attempts to identify risks associated with an investment will achieve their desired effect, and potential investors should regard an investment in the Fund as being speculative and having a high degree of risk. For example, there can be no assurance that the Fund will be able to detect or prevent irregular accounting, employee misconduct, or other fraudulent or improper practices during the due diligence process or during its efforts to monitor an investment on an ongoing basis. In the event of fraud by any portfolio company or any of its affiliates, the Fund may suffer a partial or total loss of capital invested in such portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller of assets acquired by a portfolio company. Such inaccuracy or incompleteness may adversely affect the value of the Fund's investment in such portfolio company. The Fund will rely upon the accuracy and completeness of representations made by portfolio companies or their former owners, as applicable, in the due diligence process when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

- I. Environmental Hazards. Some of the portfolio companies may generate, emit, store, transport or arrange for disposal of hazardous materials as a consequence of their operations and therefore could be subject to numerous and extensive environmental, health and safety laws and regulations in respect of their operations. In addition, under environmental laws enacted by the United States and various states, owners of property may be liable for the clean-up and removal of hazardous substances even where the owner was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title. Compliance with these laws and regulations and obtaining necessary operating permits and licenses can be costly and failures to comply can result in material monetary civil and criminal sanctions. The costs of removal and clean-up of hazardous substances and wastes can be extremely expensive and, in some cases, can exceed the value of a property.
- J. Regulated Industries. The Fund may invest in companies that operate in regulated industries. The operations of such companies may be subject to compliance with applicable regulations and such companies may be subject to increased regulations resulting from both new requirements and re-regulation of previously de-regulated markets. Prices may be artificially controlled and regulatory burdens may increase costs of operations. New or increased regulations could adversely affect the performance of the companies in which

the Fund invests. In addition, such companies may be highly dependent on government contracts, which could further increase the risks of investing in such companies.

- K. Risks Associated with Non-U.S. Investments. While the Fund generally intends to invest in portfolio companies located in the United States, the Fund may, subject to certain limitations, invest in portfolio companies outside of the United States. Investments in non-U.S. securities involve certain risks not typically associated with investments in U.S. securities, including: (i) the unpredictability of international trade patterns; (ii) the possibility of governmental actions adverse to business generally or to foreign investors in particular; (iii) changes in taxation, fiscal and monetary policies or imposition or modification of controls on foreign currency exchange, repatriation of proceeds, or foreign investment; (iv) the imposition or increase of withholding taxes on income and gains; (v) price volatility; (vi) absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation that may result in lower quality information being available; (vii) less developed corporate laws regarding fiduciary duties and the protection of investors; (viii) governmental influence on the national and local economies; and (ix) fluctuations in currency exchange rates. In addition, collateral located outside of the United States may be subject to various laws enacted for the protection of creditors, depending on the country and the issuer, which laws may differ substantially from those applicable in the United States.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser's advisory business or the integrity of the adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory business or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. Neither the Adviser nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or registered representative of a broker-dealer.
- B. Neither the Adviser nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. In connection with sponsoring any Fund, the Adviser will also form an affiliated general partner and special limited partner for such Fund, which special limited partner will receive a carried interest. Other than these affiliated general partner and special limited partner entities, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its clients.

Conflicts of interest may result from the fact that the Adviser provides investment management services to more than one Client, which conflicts of interest, and the procedures in place for resolving the same, are detailed in Item 8.B. above.

Additional conflicts of interest may arise because the Directors and other Adviser personnel may serve as directors of the companies in which the Clients invest. In addition to any fiduciary duties the Directors and other Adviser personnel may owe to the Clients, as directors of portfolio companies, these individuals may owe fiduciary duties to other investors in the portfolio companies and to persons other than the Clients. In general, such director positions are often important to the Clients' investment strategies and may have the effect of enhancing the ability of the Adviser and its affiliates to manage investments. However, such positions may have the effect of impairing the ability of the Client to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions may place the Principals and other Adviser personnel in a position where they must make a decision that is either not in the best interests of the Client or not in the best interests of the other investors in the portfolio company. Should a Director or other Adviser representative make a decision that is not in the best interest of the other investors in a portfolio company, such decision may subject the Adviser and the Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, the Clients will indemnify the Adviser, the Directors and the other Adviser personnel from such claims. In addition, because of the potential conflicting fiduciary duties, the Adviser may be restricted in choosing investments for Clients, which could negatively impact returns received by the Clients.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Adviser, its affiliates, and their personnel. The Adviser will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. The Adviser's affiliates and personnel may invest, on behalf of themselves, in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of a Client. The Adviser's affiliates and personnel may give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given or action taken on behalf of Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Clients. Potential conflicts also may arise due to the fact that the Adviser's affiliates and personnel may have

investments in some Clients but not in others or may have different levels of investments in the various Clients and their portfolio companies, and that each of the Clients may pay different levels of fees.

In addition, the Adviser may give advice or take action with respect to the investments of one or more Client that may not be given or taken with respect to other Clients with similar investment programs, objectives, and strategies. Accordingly, the Clients with similar strategies may not hold the same securities or instruments or achieve the same performance. The Adviser also may advise clients with conflicting investment objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients.

Investors in each Client are advised to review the relevant Client's offering materials for more extensive descriptions of the risks of investing in the Client and the required procedures for resolving conflicts of interest.

- D. The Adviser does not recommend or select other investment advisers for its Clients.

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

- A. 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 ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an initial public offering or a new private placement; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the Adviser 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.

In addition to procedures to prevent the abuse of material, non-public information, the Code contains policies and procedures covering standards of conduct, political contributions, potential conflicts of interest (including but not limited to gifts, entertainment, and outside business activities of Adviser personnel), and Client and investor confidentiality. All employees of the Adviser must acknowledge the terms of the Code annually or as the Code is amended on an ongoing basis.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to Clients investments in which the Adviser or any related persons have a material financial interest.
- C. As managers or managing members of the general partners of each of the Clients and investors in the Clients, the Adviser and its related persons have indirect beneficial interests in the securities owned by the Clients and will share in any profits and losses generated by the Clients’ investments. Subject to limitations set forth in the applicable Client partnership agreement, the Adviser and its related persons may co-invest in the portfolio companies of its Clients, generally subject to a maximum percentage of the overall investment in such portfolio company by the Client and such co-investors. Co-investments by such related persons generally may not be on terms that are more favorable than those received by the applicable Client and those offered to the investors in the Client who are not related persons of the Adviser.
- D. See Item 11.C. above. Co-investments by the Adviser and its related persons are generally subject to limitations and restrictions set forth in the applicable Client partnership agreement, including an overall cap on the relative size of such co-investments and requirements that such

co-investments be made on terms no more favorable than those on which the Client invests and disposed of at the same time and on substantially the same terms as the Client disposes of its investment.

Item 12 - Brokerage Practices

- A. The Adviser's investment strategy involves selecting and recommending private equity investments for Clients. 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 on behalf of its Clients.
- B. The Adviser does not aggregate the purchase or sale of securities for various client accounts.

Item 13 - Review of Accounts

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of the portfolio investments of its Clients and their financial plans. In terms of the investment process, the Adviser's investment professionals conduct an initial opportunity screening and detailed due diligence prior to pursuing an investment to ensure a reasonable basis for investment decisions. Following an investment, investment team members will be responsible for managing the asset and actively monitoring the value of investments and potential risks. In connection therewith, the Adviser conducts periodic reviews of all portfolio company investments held in each Client portfolio. The Adviser's investment and operational staff participate in the ongoing monitoring of Client portfolios, although responsibilities vary by individual.

Additionally, the Adviser will typically require board representation for certain portfolio company investments, providing greater opportunity to monitor Client investments.

- B. See Item 13.A. above.
- C. The Adviser provides written periodic reports to all Clients at a frequency determined by the partnership agreement or similar governing document of such Client, but at least annually. With respect to each Client, investors are generally provided with annual financial statements, an annual statement of aggregate realized gains, income, expenses and losses for the year and an annual overview of the applicable Client's portfolio. All Client investors will be provided with annual tax information necessary for the completion of U.S. federal, state and local income tax returns.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to its Clients.
- B. The Adviser has, however, entered into an agreement with a third-party placement agent, Aqueduct Capital Group, LLC (SEC file number 8-66464). Such agreements provide for compensation to be paid to the placement agent for referring investors to the Adviser's Clients. Under this agreement, the placement agent will typically receive a percentage of the capital commitments attributable to each investor referred depending upon the specific circumstances. In such cases, details of the arrangement will be provided to the investor. Such arrangements will be in accordance with all applicable laws and regulations, including Rule 206(4)-3 of the Advisers Act. Compensation of placement agents will be as determined in a written agreement between the Adviser or its affiliate and the placement agent. Subject to the provisions of the applicable Client partnership agreement, placement agent compensation may be borne by the Adviser, typically as an offset against future management fees.

Representatives and employees of the Adviser and its affiliates may receive directors' fees for serving on the boards of Client portfolio companies. Serving on such boards may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of one or more Clients, however, as the Clients will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned.

Item 15 - Custody

While it is the Adviser's practice not to accept or maintain physical possession of any Client assets, the Adviser is deemed to have custody of the Funds' assets under Rule 206(4)-2 of the Advisers Act, because the Adviser has the authority to deduct fees from the Funds' accounts and its affiliates act as the general partners and special limited partners of the Funds.

In order to comply with Rule 206(4)-2 of the Advisers Act, the Adviser utilizes the services of a bank or qualified custodian (as defined under Rule 206(4)-2 of the Advisers Act) to hold all of its Clients' assets. In accordance with Rule 206(4)-2, the Adviser also (a) engages an outside auditor to audit its Clients at the end of each fiscal year and (b) distributes the results of the audit in audited financial statements that are prepared in accordance with United States generally accepted accounting principles to all investors in its Clients within 120 days after the end of the relevant fiscal year.

Item 16 - Investment Discretion

The Adviser has full discretionary authority with respect to investment decisions, and its advice with respect to its Clients is provided in accordance with the investment objectives and guidelines as set forth in their respective offering memoranda and governing documents. The offering documents of the Funds generally place various limitations on the general partners of the Funds regarding their management of the Funds, including: (i) the percentage of portfolio investments that the Fund may invest in any one portfolio company; (ii) the investment in pooled investment vehicles that require the Fund to pay management fees or performance-based fees to parties other than the Adviser and its affiliates; (iii) investments in derivatives for speculative purposes; (iv) the percentage of portfolio investments acquired by the Fund that are principally located outside of the United States; and (v) the percentage of portfolio investments acquired by the Fund that are public securities. Fund investors may also negotiate with the general partners in side letter agreements for more specific limitations applicable to such Fund investor, such as prohibited investments in specified countries. The Adviser is generally delegated the authority to consummate investments on behalf of the Clients by the terms of the limited partnership agreements of the Clients and the investment management agreements entered into between the Clients and the relevant general partners of the Funds.

Similarly, the Adviser's investment decisions and advice with respect to a managed account (if any) will be in accordance with the investment objectives and guidelines in such managed account's investment management agreement, as well as any other instructions provided by the Clients to the Adviser.

Item 17 - Voting Client Securities

The Adviser votes its Clients securities on an extremely limited basis. The general partners or managers of the Clients have the authority to vote proxies regarding the Clients' accounts. The general partners of the Clients may have conflicts of interest where they have a substantial business relationship with a Client portfolio company and the failure to vote in favor of portfolio company management could harm the relationship of the general partners of the Client with portfolio company management. Conflicts may also arise in the event a senior executive of a Client portfolio company or other Adviser representative have a significant personal relationship that could affect how the Adviser would vote on a matter relating to the Client portfolio company.

In the event that a material conflict of interest is identified in connection with the Adviser's or its affiliate's voting of Client securities, the Adviser's chief compliance officer or designee will take such steps as she deems necessary in order to determine how to vote the proxy in the best interests of the Client, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio company. In each instance, when exercising their voting discretion, the general partners of the Clients seek to avoid any direct or indirect conflicts of interest between the respective Clients and their voting decision.

The Adviser may vote proxies on behalf of the Clients' holdings, but the Adviser does not vote proxies on a normal basis. Contact our office at (713) 936-9577 for any questions about a particular solicitation.

Item 18 - Financial Information

- A. The Adviser does not require or solicit prepayment of any fees 6 months or more in advance.
- B. To the knowledge of the Adviser, there is no financial condition that is reasonably likely to impair the Adviser ability to meet its contractual commitments to its Clients.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 - Requirements for State-Registered Advisers

The Adviser is an SEC-registered investment adviser. Therefore this item 19 is not applicable.